

DAILY REPORT

CONTENTS

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INTERNATIONAL AFFAIRS

UNITED STATES

UK Prime Minister Thatcher Arrives for Talks	B 1
Reagan, Thatcher Meeting	B 1
U.S. Plans To Upgrade F-15s for Saudi Arabia	B 2
U.S., Canada In Dispute on Energy Program	B 3
French Foreign Minister Concludes Visit to U.S.	B 3

SOVIET UNION

RENMIN RIBAO Commentary on Soviet 'Hypocrisy' [25 Feb]	C 1
RENMIN RIBAO Says Soviets Plundering Afghanistan [24 Feb]	C 1
Castro Meets Brezhnev, Raps U.S. Policies	C 2

NORTHEAST ASIA

Japanese Officials on Japan-PRC Economic Problems	D 1
Japan's Ito, Fukuda Meet PRC Delegation 25 Feb	D 1
DPRK Paper Comments on Recent ROK Elections	D 1
Briefs: Sino-Japanese Friendship Hospital; Youth Delegation to Japan; Fujian, Okinawa Relations; Tianjin Delegation to Japan	D 2

SOUTHEAST ASIA & PACIFIC

Kampuchean in France Support Anti-SRV Front	E 1
VOKE on Kampuchean Rebels' Attack on SRV Forces	E 1

WESTERN EUROPE

Ambassador to Netherlands Recalled 27 Feb	G 1
FRG Rejects Proposed Soviet Missile 'Moratorium'	G 2
FRG Leaders Meet With Polish Deputy Premier	G 2
FRG Offers To Mediate in El Salvador Conflict	G 2
EEC Will Monitor Imports From Japan in 1981	G 3
New Spanish Premier Confirmed by Parliament	G 3

EASTERN EUROPE

Poland's Stanislaw Kania Addresses 26th CPSU	H 1
Polish Premier Talks to New Commissioners	H 1
Romanian Minister Agrees To Supply Iraq Trucks	H 2
Yugoslavia's LCU Ends Central Committee Session	H 2
Briefs: Romanian Delegation in Shanghai	H 2

MIDDLE EAST & AFRICA

Egypt Dissatisfied With U.S., USSR Nuclear Policy	1	1
As-Sadat Welcomes Brezhnev Mideast Proposal	1	1
Struggle Against African Racism Viewed	1	1
Ugandan Official Interviewed on Refugees' Return	1	2

WESTERN HEMISPHERE

Venezuelan Foreign Minister Continues Visit	3	1
Meets Zhao Ziyang	3	1
Meets Deng Xiaoping	3	1
New Colombian Envoy Presents Credentials to Ulanhu	3	1

PRC MEDIA ON TAIWAN AFFAIRS

RENMIN RIBAO Column Discusses Problems in Taiwan [18 Feb]	K	1
Briefs: Taiwan Writer's Short Stories	K	3

NATIONAL AFFAIRS

Ye Jianying Reportedly Returns to Beijing	L	1
[SOUTH CHINA MORNING POST 27 Feb]		
Yang Deshi, Other PLA Officials Attend Opera	L	1
MEN HUI BAO on Criticism of Han Feizi [9 Feb]	L	2
RENMIN RIBAO on Balanced Budget, Bank Loans [17 Feb]	L	5
State Economic Commission Urges Plan Completion	L	8
Major Power Projects Under Way in Country	L	9
Scientists Urged To Contribute to Production	L	10
RENMIN RIBAO Utes Increased Demands for Goods [27 Feb]	L	11
Organizations Urge Revival of Socialist Spirit	L	11
PLA Issues Instruction on Youth Work, Principles	L	12
QINNIAN BAO on Shanghai Youth's Moral Improvement [27 Feb]	L	12
GUOREN RIBAO Calls on Workers To Study Hard [26 Feb]	L	13
GUANGMING RIBAO on Appraising Shi Kefa [1 Feb]	L	14

REGIONAL AFFAIRS

EAST REGION

Zhang Jingfu Speaks at Anhui Consultative Meeting	O	1
Jiangxi People's Congress Committee Meeting Ends	O	2
MEN HUI BAO Discusses Keeping of Technical Secrets	O	2
[11 Feb]		
Shanghai Holds Meeting on Commodity Prices, Housing	O	4
Vice Mayor's Report	O	4
Briefs: Anhui Industrial Survey; Jiangsu	O	5
Commune-Run Industries; Shanghai		
Cooperatives; Shanghai Textile Industry		

CENTRAL-SOUTH REGION

Guangdong Promotes Industrial Readjustment	P	1
Guangdong Leader Sets Out Province's Tasks	P	1
Zhengzhou Youth Urged To Love Motherland	P	2
Hubei Governor Reports to People's Congress	P	2
On 1980 Work Conditions	P	2
On Tasks, Readjustment	P	4
On Party Leadership	P	6
Briefs: Hubei Dike Repair; Hunan Grain Production	P	7

SOUTHWEST REGION

Guizhou Governor Reports to People's Congress	Q	1
On Readjustment	Q	1
On Relaxing Rural Policies	Q	1

NORTH REGION

Beijing Law Society Holds Annual Meeting	R	1
Hebei Governor Stresses Readjustment, Responsibility	R	1
Nei Monggol People's Congress Committee Meeting Ends	R	3
Tianjin RIBAO on Proclaiming Profound Truths [16 Feb]	R	3
Tianjin CCP Committee Holds Propaganda Conference	R	5
Tianjin Holds Birth Control Commendation Rally	R	5

NORTHEAST REGION

Heilongjiang To Open People's Congress 27 Feb	S	1
Liaoning's Guo Feng Discusses Militia Building	S	1
Liaoning Chemical Fertilizer Output Decline Seen	S	1
Liaoning's Luda Municipality Redesignated as Dalian	S	1

NORTHWEST REGION

Gansu Acting First Secretary on Current Situation	T	1
Xinjiang Studio Produces Films for Minorities	T	1

HONG KONG COMMUNIST PRESS

New Trends in PRC's Economic Cooperation Noted	U	1
[TA KUNG PAO 20 Feb]		
21 February Installment	U	3
23 February Installment	U	6

UK PRIME MINISTER THATCHER ARRIVES FOR TALKS

OW261544 Beijing XINHUA in English 1504 GMT 26 Feb 81

[Text] Beijing, 26 Feb (XINHUA)--British Prime Minister Margaret Thatcher arrived in Washington last night for an official visit, according to Washington reports. Accompanied by Foreign Secretary Lord Carrington, she is the first leader of a West European government to visit the United States since Ronald Reagan's inauguration as U.S. President on January 20. The British prime minister was greeted by U.S. Secretary of State Alexander Haig on arrival at Andrews Air Force Base.

The leaders of the two countries are expected to exchange views on East-West relations, the Middle East, the Iranian-Iraqi war, South Africa, Namibia and El Salvador, according to Western press reports. She will be listened to attentively, said a U.S. State Department official. He added that the two countries now speak with "one voice."

Earlier, Mrs Thatcher told American newsmen that she expected to have more consultations with the Reagan administration and that she supported its tough stand toward the Soviet Union.

Soon after Mrs Thatcher took her Royal Air Force plane from London, the British Foreign Office issued a statement supporting the U.S. position on El Salvador.

Reagan, Thatcher Meeting

OW270906 Beijing XINHUA in English 0835 GMT 27 Feb 81

[Text] Washington, 26 Feb (XINHUA)--President Ronald Reagan told the visiting British Prime Minister Mrs Margaret Thatcher in their two-hour talks at the White House today that the world has entered into "a decade fraught with dangers." His distinguished guest said in reply: "The problems are many, the dangers real, the decisions difficult."

Mrs Thatcher arrived here yesterday evening. She and the President had a tete-a-tete for some time this morning before they were joined by Vice-President George Bush, Secretary of State Alexander Haig and British Foreign Secretary Lord Carrington.

The keynote of the talks is said to be a joint commitment to closer relationship between the two countries and to a stronger NATO alliance to face the challenge to the West. The two leaders emphasized that the United States and Britain must stand side by side and work together to confront the challenges. Reagan assured Thatcher that the United States will have close consultations with Britain and other Western allies on matters which concern them all. Thatcher told Reagan that "The message I have brought across the Atlantic is that we, in Britain, stand with you. America's successes will be our successes. Your problems will be our problems." Britain will be a U.S. ally, "valiant, staunch, and true," she declared.

In their review of the world situation, the two leaders found that they had similar perceptions of the world problems, especially the Soviet threat. In his remarks of welcome, Reagan mentioned the fast Soviet military buildup, the Soviet invasion of Afghanistan, the tension in Poland and the problems in Africa, Central America and some other areas.

Their meeting was focused on the ways and means of strengthening the defense capabilities of the West in general and the North Atlantic Treaty Organization in particular. Reagan said, "Our challenge today is to ensure that belligerence is not attempted again by the false perceptions of weakness." "So long as our adversaries continue to arm themselves at a pace far beyond their needs of defense," he noted, the Western world "must do whatever is necessary to safeguard its own security."

He stressed, "A stronger, more vigilant NATO must be the background of that security and of our effort for equitable arms control." In this regard, the two leaders affirmed their support for the alliance's decision of December 1979 to modernize the theatre nuclear forces and pursue arms control efforts at the same time, in parallel. Both are committed to "safeguarding fundamental Western interests worldwide, including Europe, the Persian Gulf, southwest Asia and Central America." Reagan said that the Soviet invasion of Afghanistan was a brutal one. He praised Thatcher for taking "a lead in rallying world opinion against it." He said the tension in Poland commands the attention of the world. "Clearly, the Polish people must be allowed to work out their own solutions to their problems. Outside intervention there would affect profoundly and in the long term the entire range of East-West ties," he added.

The two leaders also discussed Soviet President Brezhnev's proposal for a U.S.-Soviet summit, the Western economic problems as well as seven Western industrial countries' economic summit to be held this summer. They enjoyed a common line on all these issues.

Before their talks, an elaborate welcoming ceremony was held in the South Lawn of the White House and in the evening, a state dinner was given by the President in honor of the prime minister. Thatcher also met with American congressional leaders and industrial and business leaders. The British prime minister is scheduled to meet U.S. Defense Secretary Caspar Weinberger and visit Georgetown University and some corporations in the Washington area tomorrow. Prime Minister Thatcher will visit New York on Saturday before leaving for home on the same day.

U.S. PLANS TO UPGRADE F-15S FOR SAUDI ARABIA

OW270724 Beijing XINHUA in English 0721 GMT 27 Feb 81

[Text] Washington, 26 Feb (XINHUA)--The Reagan administration informed Congress today it intends to sell Saudi Arabia F-15 jet fighters with long-range equipment as part of its efforts to protect American interests in the Persian Gulf. Saudi Arabia last year requested bomb racks, auxiliary fuel tanks, airborne refueling equipment and new air-to-air missiles to enhance the capability of a fleet of 60 F-15 warplanes on order from the United States since 1978.

Meanwhile, the U.S. also plans to offer additional military assistance to Israel. In its aid program put before the House of Representatives' Foreign Affairs Committee today, it proposed a \$2.18 billion aid package for Israel, including \$1.4 billion in military aid, in the 1982 fiscal year beginning October 1.

The United States had previously agreed to let Israel purchase 40 F-15s, but only about 25 of the planes have been delivered. The Reagan administration is reportedly prepared to offer more F-15s to Israel in addition to the 40 already committed.

State Department spokesman William Dyess noted today that U.S. "principal" and "immediate priority" in the area "is to strengthen the security of the region against the Soviet threat and any other threat to the stability of the region that might be of concern" to the nations there and to the West.

Dyess said that a final decision will be made on the aid after consultations between the State Department and the congressional leadership, which began today.

U.S., CANADA IN DISPUTE ON ENERGY PROGRAM

02261632 Beijing XINHUA in English 1601 GMT 26 Feb 81

[Text] Ottawa, 25 Feb (XINHUA)--The U.S. Government has described Canada's national energy program which would reduce foreign ownership and limit the activities of foreign-owned companies as representing a sweeping deviation from the non-discriminatory business principles established by the Organization for Economic Cooperation and Development, according to today's GLOBE AND MAIL. The U.S. objection was contained in letters to Canadian External Affairs Minister Mark MacGuigan and Energy Minister Marc Lalonde from the U.S. Embassy in Ottawa on Monday. U.S. officials said these letters followed weeks of quiet consultation between the two sides on Canada's energy plan.

The key principle in question in the energy program announced by the Canadian Federal Government last October, is whether or not an OECD member's investment established in another member country should be treated as any other business in the latter country.

The energy plan is expected to be a priority item of discussion during U.S. President Reagan's visit to Ottawa on March 10 and 11, according to press reports here.

FRENCH FOREIGN MINISTER CONCLUDES VISIT TO U.S.

02261404 Beijing XINHUA in English 1254 GMT 26 Feb 81

[Text] Washington, 25 Feb (XINHUA)--Both the United States and France have stressed the importance of consultations and cooperation between the two countries and of enhancement of trans-Atlantic partnership in view of the recent marked escalation in global tensions. These are the major features of French Foreign Minister Jean Francois-Poncet's three-day official visit in Washington from February 23 to 25. He met U.S. President Reagan today and held talks over a wide-range of international issues and bilateral relations with Secretary of State Haig and Defense Secretary Weinberger during his stay here.

The relations between Western Europe and the United States were highlighted on the agenda of the meetings. Haig viewed the American-French bilateral relationship "as vitally important in the broader sense of international stability." Francois-Poncet told the American leaders that France desires a strong America and the United States can depend on France as an ally.

Francois-Poncet appreciated the strong U.S. position towards the Soviet Union and noted that it is necessary to make response by strengthening defense and by containing the Soviet expansionist acts on the spot. He said that "dialogue with the Soviet Union is necessary, but not under any conditions." Before any summit there must be movement on settling such issues as Afghanistan, Poland and Africa, he added.

The two sides held that the Soviet invasion of Afghanistan was unacceptable and the country must return to a neutral or nonaligned status. They also emphasized that if the Soviet Union invades Poland, the consequence on East-West relations would be profound.

The two sides also discussed the situation in Latin America and the Middle East. The American leaders informed the French foreign minister of the serious situation in El Salvador and the Soviet-Cuban shipment of arms into that country. "We always condemn external interference in third countries," Francois-Poncet declared, adding that France favours a political solution to Salvadoran problems.

Both sides realized that differences still exist between the two governments and there are many areas for "desired improvement." "We can express different viewpoints without being disloyal to each other," stated the French foreign minister.

Observers here held that Francois-Poncet's visit has helped improve the understanding between the two countries and "a good start" in relations between the French Government and the new U.S. Administration has emerged.

The French foreign minister left here this evening for visits in Boston and New York.

RENMIN RIBAO COMMENTARY ON SOVIET 'HYPOCRISY'

HK261238 Beijing RENMIN RIBAO in Chinese 25 Feb 81 p 6

[Short commentary: "Perfect Hypocrisy"]

[Text] On 22 February, Soviet leaders made an appeal to the ASEAN members and other Asian countries, harping on the need of "finding a way to normalize the Southeast Asian situation" and at the same time voicing support for the Vietnamese proposal to call a so-called "regional conference" and urging dialogue between the five members of the ASEAN and Vietnam, Laos and the bogus Kampuchean regime. Such a hypocritical attitude through and through on Moscow's part was immediately exposed by the ASEAN countries.

Everyone knows that the current tense situation in the Southeast Asian region is a result of Vietnam, with Soviet support, occupying Kampuchea, controlling Laos, deploying forces along the border between Kampuchea and Thailand and continuously intruding into Thailand's territory. Moscow has made its support and encouragement of Vietnam's hegemonist practice an important part of its strategy to push southward. Because the Soviet and Vietnamese expansionists--big and small--have acted in collusion to make trouble, the various countries of Southeast Asia are facing a serious threat. The Soviet Union bears the blame as the chief culprit for the tensions in the Southeast Asian region. It wants to play the role of a third party peddling the "normalization" program that it has concocted with the Vietnamese authorities. This is sheer wishful thinking.

The Soviet message of appeal omitted any mention of the fact that 200,000 Vietnamese troops occupy Kampuchea. Nor did it refer to the UN resolution demanding Vietnamese withdrawal from Kampuchea. The proposed "normalization" can only provide an excuse to "legalize" Soviet and Vietnamese control of Southeast Asia. The result will be a more unstable situation and more chaos in this region. The so-called proposal for a "regional conference" put forward by Vietnam was entirely promoted by a desire to counter the UN resolution calling for an international conference to discuss the Kampuchean problem. It is a vain attempt to lure the ASEAN countries into recognizing the fait accompli of the Vietnamese occupation of Kampuchea. This plot has long since met with opposition and resistance by the ASEAN countries. Now Moscow has personally tried to sell the ASEAN countries on the shopworn stuff for which the Vietnamese authorities have failed to find a taker. The Soviet plot has similarly been seen through by the ASEAN countries. Thai Foreign Minister Sittih Sawetalia and Malaysian Minister of Foreign Affairs Rithauddeen clearly pointed out that this Soviet proposal was "not worthy of attention" and "unacceptable." It can be seen that hegemonism is unpopular. No matter how disguised, it cannot deceive people.

RENMIN RIBAO SAYS SOVIETS PLUNDERING AFGHANISTAN

HK261134 Beijing RENMIN RIBAO in Chinese 24 Feb 81 p 6

[Study notes by Yun Fei [7189 7378]: "'Aggression' Is Synonymous With 'Plunder'"]

[Text] Since the Soviet Union invaded Afghanistan, it has blatantly plundered the natural resources and cultural treasures of that country. According to reports, the Russians have prohibited the Afghans from entering the mines of their own country, such as the Qandahar gold mine, the Badakhshan celestite mine, the (Hajikak) iron mine and the (Khinak) copper mine. They have already looted the (Bakrez) uranium mine in Qandahar Province. At present, they are eyeing the uranium mines that were recently discovered in Helmand and have already transmitted to the Soviet Union secret information about those uranium mines which have been exploited. They have also transported natural gas from Afghan oilfields to the Soviet Union. The Afghans have no way of knowing how much natural gas has been stolen because the measuring meter is on the Soviet side of the boundary. As to cultural treasures looted by the Russians, 250 tons were shipped from a storage basement in the (Arqu) palace in Kabul alone.

The dictionary's definition of "aggression" says: waging a military invasion to plunder; aggression is synonymous with plunder and looting. Thus, we can see that aggression and plunder have always been related. When Hitler's Germany invaded West European countries, it also plundered numerous things. According to historical records, the cultural relics it took away amounted to as much as 4,000 boxes. Hitler's bandits drained the people of those countries of their riches and created famines everywhere. Today's Soviet invasion army has inherited Hitler's mantle and has vigorously plundered by force or trickery, resulting in widespread poverty among the Afghan people; in death from starvation and in 2 million people's being driven away from their homeland and becoming refugees. Compared with Hitler's Germany, the Soviet social imperialists are by no means inferior. The Soviet Union has given their brutal plunder the euphemistic name of "selfless aid." In this respect, it is even superior to Hitler!

CASTRO MEETS BREZHNEV, RAPS U.S. POLICIES

OW261612 Beijing XINHUA in English 1607 GMT 26 Feb 81

[Text] Moscow, 26 Feb (XINHUA)--Soviet leader Leonid Brezhnev today exchanged views with Cuban leader Fidel Castro "on the pressing issues of the world situation."

According to a TASS report, during the meeting Brezhnev assured the Cuban leader of Soviet "full support" to Cuba now at a time when "the U.S. imperialist clique has unleashed a new anti-Cuba campaign."

Castro has come here to attend the 26th party congress of the CPSU. In his address to the party congress on February 24, Castro strongly attacked the U.S. policies toward Cuba and Latin America.

JAPANESE OFFICIALS ON JAPAN-PRC ECONOMIC PROBLEMS

OW270207 Beijing XINHUA Domestic Service in Chinese 1430 GMT 25 Feb 81

[Text] Tokyo, 25 Feb (XINHUA)--Toshio Komoto, director general of the Japanese Economic Planning Agency, said today at a meeting that Japan should help China develop its economy.

Regarding the recent issue over the Sino-Japanese contract for sets of equipment, Toshio Komoto said: Economic aid to China is an important issue. Owing to limited capabilities, China has had to suspend some of its planned projects and Japan should look into China's difficulties with an open mind and extend aid.

In meeting Chief Cabinet Secretary Kiichi Miyazawa at the prime minister's official residence on 25 February, Shoichi Shimodaira, vice chairman of the Socialist Party, and Sanji Muto, chairman of the policy board, urged that in handling the issue dealing with the Sino-Japanese contract for sets of equipment, the Japanese Government should take into consideration the spirit of the Japan-China treaty of peace and friendship and the fact that China relinquished its demands for war indemnities against Japan. He also urged that the Japanese Government should consider the stable development of Japan-China economic relations from a long range point of view.

Kiichi Miyazawa expressed that "As for the Japanese Government, this matter should be dealt with with a basic attitude of taking into consideration friendly Japan-China relations and economic stability."

JAPAN'S ITO, FUKUDA MEET PRC DELEGATION 25 FEB

OW261842 Beijing XINHUA in English 1831 GMT 26 Feb 81

[Text] Tokyo, 26 Feb (XINHUA)--Japanese Foreign Minister Masayoshi Ito and former Prime Minister Takeo Fukuda yesterday stressed the importance of strengthening the friendly relations and cooperation between Japan and China. Ito and Fukuda received a Chinese delegation led by He Liliang on two separate occasions. The delegation is here to attend the first meeting of the preparatory committee for the "conference of Asian parliamentarians on population and development."

Masayoshi Ito said at a dinner given in honour of the Chinese guests that Japan would try to handle the bilateral economic relations amicably, properly, and with a cool head.

Takeo Fukuda said during the meeting: "At present the international situation has become highly volatile. It is my ardent hope that Japan and China understand each other fully and cooperate with each other to contribute to world peace."

Takeo Fukuda requested He Liliang to convey his regards to Vice-Chairman Deng Xiaoping and Vice-Premier Huang Hua. Fukuda said, "Today there are some minor misunderstandings between Japan and China just as is the case with other nations in the world. But they mean little as long as we are doing a good job of maintaining world peace which is our principal pursuit." He Liliang replied, "The friendship between China and Japan is of great significance. It is an important factor for world peace and stability."

Fukuda also expressed his pleasure at being able to lead a Japanese delegation to attend the "conference of Asian parliamentarians on population and development" which will be held in Beijing in autumn this year. Fu Hao, Chinese ambassador to Japan, was also present on these occasions.

DPRK PAPER COMMENTS ON RECENT ROK ELECTIONS

OW271248 Beijing XINHUA in English 1212 GMT 27 Feb 81

[Text] Pyongyang, 27 Feb (XINHUA)--The recent South Korean puppet presidential election was completely manipulated by Chun Tu-hwan through his controlled presidential electoral college, said NODONG SINMUN in a commentary today.

It was reported that final election returns by the 5,278-member presidential electoral college on February 25 showed that Chon Tu-hwan of the South Korean Democratic Justice Party obtained 4,755 votes. The Democratic Justice Party was formed on January 15, 1981.

Yu Chi-song of the South Korean Democratic Korea Party took 404 votes. Kim Chong-chol of the South Korean National Party and Kim Ui-taek of the Civil Rights Party had a total of 112 votes. The three opposition parties were also newly established.

All opposition parties were banned last May during the anti-martial law demonstration in South Korean city of Kwangju.

The "presidential election," the commentary continued, was a shameless buffoonery from the very beginning which had been designed with the sinister purpose of letting traitor Chon Tu-hwan boss the show and establishing a more sanguinary fascist dictatorial system in South Korea.

The commentary pointed out that the Chon Tu-hwan puppet "regime" is no more than a ruling system of fascism and war, division and treachery, and a retrogressive version of the "yusin system," to all intents and purposes.

It stressed that the "elections" staged by the puppets this time was, in fact, not an "election" and, therefore, no one recognizes such "election" returns.

BRIEFS

SINO-JAPANESE FRIENDSHIP HOSPITAL--Beijing, 18 Feb (XINHUA)--A contract for designing the Sino-Japanese friendship hospital was signed in Beijing today. Contracted by two Japanese architecture design institutes, the construction work is scheduled to begin in Beijing Municipality by the coming fall and is expected to be completed by 1984. Upon completion, the hospital will have 1,000 beds, a clinical research institute, a recuperation center and a nursing school. Tan Yunhe, vice minister of public health, attended today's signing ceremony. [Beijing XINHUA Domestic Service in Chinese 1534 GMT 18 Feb 81 OW]

YOUTH DELEGATION TO JAPAN--Beijing, 20 Feb (XINHUA)--A Chinese youth delegation left here today for Japan on a friendly visit at the invitation of the Exchange Association of World Youth and Juniors of Japan. The 10-member delegation is led by Jamyang Losang Jigme Tubdain Geligyi Nyima (of Tibetan nationality), vice-chairman of the All-China Youth Federation and member of the National Standing Committee of the CPPCC. [Text] [Beijing XINHUA in English 0720 GMT 20 Feb 81 OW]

FUJIAN, OKINAWA RELATIONS--With the approval of the State Council, Fuzhou Municipality has established sister city relations with Naha in Okinawa, Japan, which has been on good terms with Fuzhou Municipality for a long period of time. Fuzhou Municipality has been invited to send a delegation to Naha city in May 1981 to attend the founding ceremony of Naha city and the signing ceremony on establishing sister city relations between Fuzhou and Naha. [Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 21 Feb 81 HK]

TIANJIN DELEGATION TO JAPAN--Headed by (Wu Jixiang) and (Deng Yongquan), a Tianjin municipal delegation arrived in Kobe, Japan, on 24 February to attend an exposition to be opened on 19 March. Before its departure, municipal Deputy Mayor Wu Zhen and other responsible persons of departments concerned interviewed the delegation members. [Tianjin City Service in Mandarin 0030 GMT 26 Feb 81 SK]

KAMPUCHEANS IN FRANCE SUPPORT ANTI-SRV FRONT

OW271224 Beijing XINHUA in English 1209 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--Chhopininto, head of the Committee of Patriots of Democratic Kampuchea in France, called for an anti-Vietnamese united front in a recent cable to Democratic Kampuchean Prime Minister Khieu Samphan.

The message broadcast by Radio Democratic Kampuchea today said, "The Committee of Patriots of Democratic Kampuchea in France welcomes with pleasure the meeting between your excellency and his excellency Son Sann and actively responds to the call of Prince Norodom Sihanouk to establish an anti-Vietnamese united front and a national united government embracing all patriotic forces."

The message went to say, "Our committee will act consistently for the realization of this objective. We fully support the efforts made by the Democratic Kampuchean Government, the National Army, guerrillas and the Kampuchean people in their struggle against the Vietnamese aggressors."

VODK ON KAMPUCHEAN REBELS' ATTACK ON SRV FORCES

OW271210 Beijing XINHUA in English 1201 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--The Kampuchean National Army and guerrillas mounted incessant attacks on the Vietnamese aggressors in Siem Reap, Pursat, Battambang and Koh Kong Provinces from February 17 to 21, killing more than 300 troops, reported Democratic Kampuchea Radio.

The patriotic forces, on February 17, attacked a Vietnamese command post near Anker Thom, wiping out 32 enemy troops and destroying 12 barracks. On February 18, they fired rockets and destroyed one enemy tank, five 75 mm guns and one B-40 rocket tube in Siem Reap city.

The Kampuchean patriotic forces on February 20 attacked a Vietnamese position in Khmer Rongvay village, Bantegarel District, killing 24 troops. On February 21, the enemy suffered 26 casualties when mines exploded near Kunrieng village.

On February 21 the National Army and guerrillas attacked a Vietnamese troop carrier on the Angrong-Reach road in Pursat Province, killing 60 men. On February 22, they attacked an enemy post at Stung Bot on the Reach-Anlong Reap road. 12 enemy troops were killed and 18 others wounded.

In Battambang Province, Kampuchean commandos raided and wiped out 12 Vietnamese troops at Khvay village of Thmar Puok District on February 21.

In Koh Kong Province, the Kampuchean patriotic forces on February 19 attacked and sank 26 troop carrying rafts on the Tach River, killing 147 Vietnamese soldiers. On February 17, they sank 19 Vietnamese-held rafts on Pay Cham Yeam, killing 114 men.

AMBASSADOR TO NETHERLANDS RECALLED 27 FEB

OW270918 Beijing XINHUA in English 0856 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--The Chinese Foreign Ministry in a note to the Embassy of the Netherlands here today informed the Netherlands Government that it has decided to recall its ambassador to the Netherlands and requested the Netherlands Government to recall its ambassador to China. It reiterated the demand that Sino-Netherlands diplomatic relations be downgraded to the level of charge d'affaires.

The note reads: The Ministry of Foreign Affairs of the People's Republic of China presents its compliments to the Embassy of the Kingdom of the Netherlands in China and has the honour to state as follows:

The Chinese Government has repeatedly stated to the Netherlands Government its just position on the latter's approval of the sale of submarines to Taiwan. The Chinese Foreign Ministry made this position very clear in its note of January 19, 1981 to the Royal Netherlands Embassy in China. The Chinese side has pointed out time and again that the sale of submarines to Taiwan has gone beyond the limits of the common run of people-to-people trade. It is incompatible with the generally accepted norms guiding international relations for one country to supply the local authorities of another country it formally recognizes with arms to be used against the central government of that country. The Netherlands Government's decision to approve the said sale is undoubtedly a grave act of interfering in China's internal affairs and infringing on its sovereignty in violation of the principles set forth in the 1972 communique on upgrading the diplomatic relations between China and the Netherlands. It will never be accepted by the Chinese Government and people.

In view of the strong demand of people from all walks of life in the Netherlands for the withdrawal of the above-mentioned decision of the Netherlands Government, the Chinese Government, out of its desire of safeguarding the friendly Sino-Netherlands relations, has waited with great patience for the Netherlands Government's reconsideration of its own decision. The Chinese Government indicated that if the Netherlands Government set store by the long-term interests of the Chinese and Netherlands people and changed its erroneous decision by taking effective measures to cancel the sale of submarines to Taiwan, then it would be possible to maintain and develop still further the Sino-Netherlands friendly relations and cooperation established through efforts over the years. To our great disappointment, however, the Netherlands Government, in disregard of the desire of both the Chinese and Netherlands peoples, announced on February 20 that it would not withdraw its decision.

In the note of reply of the Royal Netherlands Embassy to the Chinese Foreign Ministry on February 26, the Netherlands Government tried hard to justify its act of undermining the friendly Sino-Netherlands relations. It failed to show the slightest indication that it would change its original decision. Instead, it stated that it was prepared to enter into negotiations with the Chinese Government in order to arrive at a solution of the problems that had arisen between the two countries. In this regard, the Chinese Government would like to point out that the current problems between the two countries have been caused entirely by the Netherlands Government's decision to approve the sale of submarines to Taiwan. So long as the Netherlands Government obstinately sticks to this decision, there is no basis existing for a negotiated settlement of the above problems.

In view of the fact that by sticking to its erroneous stand the Netherlands Government has undermined the basis on which the diplomatic relations between China and the Netherlands were established at the ambassadorial level, the Chinese Government, for the sake of protecting China's state sovereignty and national dignity as well as the basic norms of international relations, has decided to recall immediately its ambassador to the Kingdom of the Netherlands and also asks the Netherlands Government to recall its ambassador to the People's Republic of China. The Chinese Government reiterates its demand that Sino-Netherlands diplomatic relations be downgraded to the level of charge d'affaires office and proposes that negotiations on the matter be held as soon as possible.

It must be pointed out that the distressing development of Sino-Netherlands relations to the present state is entirely the making of the Netherlands Government, which must be held fully responsible for the retrogression of Sino-Netherlands relations.

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the embassy the assurances of its highest consideration.

FRG REJECTS PROPOSED SOVIET MISSILE 'MORATORIUM'

OW261546 Beijing XINHUA in English 1501 GMT 26 Feb 81

[Text] Bonn, 25 Feb (XINHUA)--The West German Government has rejected the Soviet proposal for a "moratorium" on medium-range missile deployment in Europe in view of the existing Soviet military superiority, but it would regard a unilateral Soviet freeze on producing and deploying such weapons as a welcome step "helpful to future talks." This was stated by Kurt Becker, spokesman of the West German Government, after a Cabinet meeting today. To the best of the West's knowledge, Becker said, the Soviet Union has stationed within its borders 200 SS-20 missiles armed with triple nuclear warheads as well as 430 SS-4 and SS-5 medium-range missiles. "They total about 1,050 missiles of strategic importance to Europe, mostly aimed at West European targets," he said, adding that "NATO has no counterweight to them in Western Europe. A formalization of this imbalance cannot be considered."

FRG LEADERS MEET WITH POLISH DEPUTY PREMIER

OW261238 Beijing XINHUA in English 1232 GMT 26 Feb 81

[Text] Bonn, 25 Feb (XINHUA)--Vice-Chairman of the Polish Council of Ministers Henryk Kisiel ended his two-day visit to the Federal Republic of Germany today. During his meetings with West German Minister for Foreign Affairs Hans-Dietrich Genscher and Minister of Economics Otto Graf Lambsdorff, the two sides discussed the help that West Germany and other Western countries may give to Poland towards its stabilization, the food aid the EEC may provide, the reduction of Poland's coal export to West Germany and the moratorium for Poland's repayment of its debt to other countries. During his visit, the Polish deputy prime minister reaffirmed his government's determination to resolve its own problems. Genscher expressed his appreciation of the Polish Government's efforts for overcoming the difficulties.

FRG OFFERS TO MEDIATE IN EL SALVADOR CONFLICT

OW261236 Beijing XINHUA in English 1230 GMT 26 Feb 81

[Text] Bonn, 25 Feb (XINHUA)--The West German Government today offered to mediate a settlement in the internal conflict in El Salvador and to provide facilities for a dialogue between the two opposing sides. This decision was announced by government spokesman Kurt Becker after a Cabinet meeting here. He said the West German Government wished to do everything possible to contribute to political stability in Central America.

The spokesman said the West German Government understood Washington's concern over the developments in El Salvador and over the efforts of certain foreign countries to extend their influence in Central America. However, he added, West Germany was opposed to use of force in El Salvador, whether by the right or the left.

EEC WILL MONITOR IMPORTS FROM JAPAN IN 1981

OW271214 Beijing XINHUA in English 1206 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--The European Economic Community (EEC) countries will monitor imports of Japanese cars, televisions and TV tubes, and certain machine tools imported from March 1 to the end of the year, sources close to the EEC commission said in Brussels on February 25. According to Western news agency reports, this measure was taken in line with a decision made by the ten community foreign ministers at a meeting on February 27.

Statistic figures show that last year, EEC imported from Japan 740,000 cars, 500,000 television sets and 2.7 million TV tubes or 8.9 percent of the community car market, 20 percent of the TV market and nearly 30 percent of the tube market. Imports of Japanese machine tools in 1980 increased by 60 percent compared with that in the previous year.

The massive inflow of Japanese products resulted in a community deficit of 10 billion dollars in trade with Japan last year and caused serious concern among the EEC countries. France and Italy have already taken measures to limit the import of Japanese vehicles.

NEW SPANISH PREMIER CONFIRMED BY PARLIAMENT

OW261216 Beijing XINHUA in English 1201 GMT 26 Feb 81

[Text] Madrid, 25 Feb (XINHUA)--The appointment of Leopoldo Calvo-Sotelo as the new prime minister of Spain was confirmed in a confidence vote of the Congress of Deputies (lower house) here today.

Calvo-Sotelo will be sworn in tomorrow and announce his new government in the next few days. The gist of his government program is to overcome economic woes and strengthen Spain's ties with Western Europe and make it a member of NATO.

A member of the former ruling party the Democratic Center Union, Calvo-Sotelo was second deputy prime minister in charge of economy of the previous government. After former Prime Minister Adolfo Suarez's resignation last month, he was named by King Juan Carlos as candidate of the premiership. He enjoys Suarez's support.

However, Calvo-Sotelo failed to gain the required absolute majority in the confidence vote in the Congress of Deputies on the 20th. Under the Constitution, the Congress held the second round of voting on February 23 but was interrupted by an abortive coup attempt. With the intervention of the armed forces, more than 300 Congress members, Cabinet ministers and leaders of political parties were freed after having been seized for 18 hours. The coup leaders, Lt Colonel Tejero Molina and commander of the third military region Milans Del Bosch, and a dozen others were arrested. During the second round voting today, Congress members censured the coup and pledged to carry on Spain's democratization.

Calvo-Sotelo emerged victorious in the second round winning an absolute majority of 186 votes. Under the constitution, the candidate who wins a simple majority in the second round is confirmed.

POLAND'S STANISLAW KANIA ADDRESSES 26TH CPSU

06251220 Beijing XINHUA in English 1206 GMT 25 Feb 81

[Text] Moscow, 24 Feb (XINHUA)--Stanislaw Kania, first secretary of the Polish United Workers' Party, told the 26th congress of the Soviet Communist Party here today that Poland "will be able to solve Polish problems themselves." He said, "In the course of socialist construction in Poland we had rebuilt our country from the ruins and achieved historic results in developing our national economy and culture and raising the status of the working people. The latest period, however, has brought vast difficulties and faced us with heavy trials."

He said, "It is not socialism that is the reason for our difficulties but the violation of its principles, the arbitrary disregard of its economic laws, of the Leninist norms in the life of the party, the under-estimation of class contradictions in society and neglect of ideological work. All this, taken together, evoked the growing dissatisfaction of the workers and became the reason for the growing criticism in the ranks of the party."

He went on to say: "In this situation our party chose the road of political solution of the social conflict, the road of restoring of confidence of society in the people's power. This is the main direction of our activity. But we do not lose sight of the fact that the forces which make no secret of their hostility to socialism, the openly counterrevolutionary forces backed by imperialist subversion centers are also riding the tide of public criticism."

Kania stressed that the Polish party and people "will be able to solve the Polish problems themselves in the spirit of socialism, in accordance with the interests of our country and the entire socialist community." He said he wishes to assure "all our friends that we have enough will and strength to prevent counterrevolution in Poland."

POLISH PREMIER TALKS TO NEW COMMISSIONS

06270308 Beijing XINHUA in English 0253 GMT 27 Feb 81

[Text] Warsaw, 26 Feb (XINHUA)--Polish Prime Minister Wojciech Jaruzelski told the newly activated economic commission yesterday that the country needs a comprehensive plan to practise thrift and cut back on administrative expenditure, it is reported here today. He also emphasized the need to tap the potential of scientific research and make necessary preparations for spring sowing and other farm work.

The prime minister attended the commission's first meeting yesterday and the first meeting of the newly activated Commission for Trade Union Affairs today. Addressing the Commission for Trade Union Affairs, he pointed out that the main task of the commission is to set up in line with the party policy a form of coordination to alleviate tension. Its basic target is to create conditions for restoring social stability and mutual confidence between the authorities and the trade union.

The two newly activated commissions were led respectively by Deputy Premiers M. Jagielski and M. Ralowski.

ROMANIAN MINISTER AGREES TO SUPPLY IRAQ TRUCKS

OW260139 Beijing XINHUA in English 0148 GMT 26 Feb 81

[Text] Baghdad, 25 Feb (XINHUA)--Under a contract signed here yesterday, Romania will supply Iraq with 1,300 trucks worth \$44.8 million, the local press reported today.

The contract, to be fulfilled in 9 months, was signed by member of the Iraqi Revolution Command and Minister of Transport and Communications Sa'dun Chaydan and Romanian Deputy Premier and Minister of Foreign Trade Cornel Burtica.

The Romanian guest arrived here on February 20 and left here today. During his stay here, Burtica discussed bilateral relations and cooperation between the two countries with Iraqi officials and handed a letter from Romanian President Nicolae Ceausescu to Iraqi President Saddam Husayn.

YUGOSLAVIA'S LCY ENDS CENTRAL COMMITTEE SESSION

OW271238 Beijing XINHUA in English 1237 GMT 27 Feb 81

[Text] Belgrade, 26 Feb (XINHUA)--The Central Committee of the League of Communists of Yugoslavia (LCY) held a one-day session here today to discuss the implementation of the decisions on total defence and social self-protection adopted at the 11th LCY congress, according to a TANJUG report.

The session noted the considerable progress in the socialization of the country's defence and security.

Lazar Mijatovic, president of the LCY Central Committee, in his closing address emphasized the standing commitment of socialist self-management and nonaligned Yugoslavia to strengthen peace and equitable international relations. However, the deteriorated international situation requires that the League of Communists and other organized socialist forces should invest constant efforts to strengthen the society's defensive-protective ability. In this context, the session pointed to the responsibility of the LCY in implementing the economic stabilization policy because "the struggle for the economic, social and political stability of the society also means a struggle for the development and strengthening of the forces of total national defence and the efficiency of social self-protection."

Expressing Yugoslavia's readiness to resolutely oppose all forms of foreign pressure and aggression, the Central Committee underlined that in the preparations for a total national defensive war, special attention is being paid to the unity of all factors of combat and resistance in the most difficult conditions. The LCY will particularly urge the promotion of the activities of committees for total national defence as political operative bodies.

The Central Committee pointed out the importance of developing the citizens' training system, particularly as related to young people, since enormous reserves for the regular army and territorial defense can be found in the population. The constant strengthening of the country's economic and technological self-reliance is also an essential factor of defense.

BRIEFS

ROMANIAN DELEGATION IN SHANGHAI--Pei Xianhai, vice mayor of Shanghai, met and feted a visiting Romanian state bank delegation on the evening of 21 February. [Shanghai City Service in Mandarin 2300 GMT 21 Feb 81 OW]

EGYPT DISSATISFIED WITH U.S., USSR NUCLEAR POLICY

OW270738 Beijing XINHUA in English 0713 GMT 27 Feb 81

[Text] Cairo, 26 Feb (XINHUA)--Egypt expresses its strong dissatisfaction with the nuclear weapon states, in particular the two superpowers, for their failure to take effective measures to end the nuclear arms race and carry out nuclear disarmament.

This came in a statement issued by the Foreign Ministry today in connection with its deposit of the ratification documents of the treaty on the non-proliferation of nuclear weapons with the British Government. The Egyptian Government has informed the United States, the Soviet Union and Britain of its action. The statement says that the Egyptian commitment on this issue will not impair its right to develop and use nuclear energy for peaceful purposes. It calls for an agreement prohibiting the use or threat of use of nuclear weapons against any state.

AS-SADAT WELCOMES BREZHNEV MIDEAST PROPOSAL

OW261628 Beijing XINHUA in English 1603 GMT 26 Feb 81

[Text] Cairo, 26 Feb (XINHUA)--Egyptian President Anwar as-Sadat said yesterday that his country welcomed any proposal for the convening of an international conference on the Middle East without violating the Camp David accords, but hoped that "the Soviets will play fair this time."

President as-Sadat made this comment on a recent relevant proposal by Brezhnev when he received visiting board chairman of AGENCE FRANCE-PRESSE Henri Pigeat here yesterday.

Sadat recalled that Egypt welcomed a similar idea in 1977 when Romanian President Nicolae Ceausescu visited Egypt. But, he said, the Soviet Union created all sorts of difficulties at that time to oppose the idea.

STRUGGLE AGAINST AFRICAN RACIALISM VIEWED

OW261232 Beijing XINHUA in English 1221 GMT 26 Feb 81

["Soundup: Struggle Against South African Racism by Correspondent Huai Chengbo"--XINHUA headline]

[Text] Beijing, 26 Feb (XINHUA)--The struggle against South African racialism has been developing in depth since the beginning of this year.

The Zimbabwean people overthrew the Rhodesian racist regime and won independence last April after prolonged armed struggle. This has dealt a telling blow at the South African African regime and heightened the morale of the South African and Namibian freedom fighters. The newly independent Zimbabwe and other front countries of Tanzania, Mozambique, Botswana, Zambia and Angola with the support of other African countries and the justice-loving countries in the world, are posing a powerful pressure in Pretoria.

The South African authorities had to agree to negotiate with freedom fighters in a bid to win time for the puppets they have fostered in Namibia to hold on there.

At home, the racist regime has resorted to both tricks and suppression. Prime Minister Pieter Willem Botha who styled himself a "liberal" decided to establish ten "independent states" in South Africa and advocated "reform" for the black people to take part in the political life of the country. On the other hand, the Pretoria regime has intensified its suppression of the black people and the guerrillas. It also threatened to take military action and economic sanction against the African front countries.

The perversity of the South African racist regime has led to its growing isolation in the world. This situation would have facilitated the settlement of the Southern African problem. However, the problem is complicated. Both South Africa and Namibia are rich in gold, diamond and uranium, strategic materials which are indispensable to the West. South Africa, with its Cape of Good Hope linking Europe with Asia, is also of strategic importance. After Afghanistan, the West felt it more urgent than ever to ensure security of this waterway. It also wants to make use of the economic and military strength of South Africa to cope with Soviet expansionism. Therefore, the United States and West European countries persuaded Pretoria to pursue a moderate policy and give Namibia Zimbabwe-style independence. They do not wish to see the collapse of the regime to the detriment of their own interests.

The South African regime while trying its utmost to stick to its position is looking forward to the support of the Reagan government. The Soviet Union has infiltrated into southern Africa in the name of "supporting liberation movements." At the same time, according to reports in Western media, the Soviets have made secret contacts with the Pretoria regime for the purchase of ores of strategic importance. Soviet warships visited Mozambique following the South African invasion of the country. The Soviet ambassador in Maputo claimed that if South Africa continued its attack, what it had to cope with was not the Mozambican troops alone. Apparently foreign interference and involvement have made the problem in southern Africa more complicated.

UGANDAN OFFICIAL INTERVIEWED ON REFUGEES' RETURN

OW261856 Beijing XINHUA in English 1844 GMT 26 Feb 81

[Text] Kampala, 25 Feb (XINHUA)--200,000 Ugandan refugees have come back from abroad to the war-torn area of West Nile in response to the government appeal.

West Nile, situated in northwest Uganda, used to have a population of 500,000, of which about 300,000 had fled to Sudan and Zaire during the liberation war of 1979 and the invasion by remnants of Amin's forces last October. The present Government of Uganda pursues a policy of national reconciliation and no revenge and President Milton Obote has on many occasions called on Ugandans living in exile to come home for national reconstruction.

Permanent Secretary of the Ministry of Rehabilitation Oreh has told XINHUA that the re-settlement of returnees has now constituted an acute problem for the government as 200,000 houses in the area were destroyed and as much as two-thirds of the crops were lost last year in their absence. To solve the problem of housing, Oreh said, all returnees are permitted to freely get timber from nearby forests. At the same time, the government is providing them with other building materials and large quantities of maize flour and other foodstuffs.

The situation in West Nile is now completely under control. But Oreh admitted, remnants of Amin's forces often make intrusions and the local people are still subject to harassment.

VENEZUELAN FOREIGN MINISTER CONTINUES VISIT

Meets Zhao Ziyang

OW261518 Beijing XINHUA in English 1509 GMT 26 Feb 81

[Text] Beijing, 26 Feb (XINHUA)--Chinese Premier Zhao Ziyang said today China will give a warm welcome to the president of Venezuela, Luis Herrera Campins, on his coming visit here later this year.

Speaking at a meeting with the Venezuelan foreign minister, Dr Jose Alberto Zambrano, and his party this afternoon, Zhao Ziyang said: "The Chinese Government and people are looking forward to President Herrera's coming visit."

He asked Dr Zambrano to convey the regards to Ye Jianying, chairman of the Standing Committee of the National People's Congress, and of himself to President Herrera. During the conversation, the Chinese premier expressed satisfaction with the development of Sino-Venezuelan relations in recent years. He also briefed the Venezuelan guests on China's current economic readjustment. Present at the meeting were Chinese Vice-Minister of Foreign Affairs Zhang Wenjin and the Venezuelan Ambassador to China, Dr Regulo Burelli Rivas.

Earlier this morning, Dr and Mrs Zambrano and their party toured the Great Wall at Badaling Ridge some 30 kilometres from Beijing city. Braving icy winds, the Venezuelan guests climbed up the winding wall and viewed the winter scenes of north China. The guests attended a Beijing Opera this evening.

Meets Deng Xiaoping

OW271234 Beijing XINHUA in English 1223 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--Vice-Chairman Deng Xiaoping today said that China and Venezuela should strengthen their unity to stem hegemonist aggression and expansion. The vice-chairman of the Central Committee of the Communist Party of China, was speaking at his meeting here today with Venezuelan Foreign Minister Dr Jose Alberto Zambrano and his party. Referring to the planned visit to China later this year by the Venezuelan president, Luis Herrera Campins, Deng Xiaoping said it would be helpful for the leaders of both countries to have more contacts and frequent exchanges of views so as to deal with the current grim international situation. Mr Zambrano said that, like China, Venezuela also pursued a policy of contributing to world peace and stability. "We should free Latin America from hegemonist expansion and threats," he said. China's Vice-Premier Huang Hua and minister of foreign affairs was present at the meeting. Also present was Dr Regulo Burelli Rivas, the Venezuelan ambassador to China.

Earlier, Wang Runsheng, vice-minister of foreign trade, held talks with Dr Sebastian Allegret, president of the Institute of Foreign Trade of Venezuela, on further expanding trade relations between the two countries.

NEW COLOMBIAN ENVOY PRESENTS CREDENTIALS TO ULANHU

OW270822 Beijing XINHUA in English 1815 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--Julio Mario Santo Domingo, new ambassador of Colombia to China, presented his credentials to Ulanhu, vice-chairman of the Standing Committee of the National People's Congress, here today. Diplomatic relations between China and Colombia were established in February 1980. China's first ambassador to Colombia, Zhao Zheng, went to his post in December 1980. After accepting the credentials, Ulanhu said in a conversation with Mr Santo Domingo, that the friendly relations and cooperation between China and Colombia and the friendship between the two peoples would continue to develop. Mr Santo Domingo said, "During my term of office in China, I will do my utmost for the development of friendly relations between the two countries in various fields." Pu Shouchang, vice-minister of foreign affairs, also was present for the affair.

RENMIN RIBAO COLUMN DISCUSSES PROBLEMS IN TAIWAN

HK261112 Beijing RENMIN RIBAO in Chinese 18 Feb 81 p 3

[Series of reports in "Today's Taiwan" column]

[Text] "Taiwan Has 120,000 Wanted Criminals"

According to Taiwan's CHUNGKUO SHIH PAO [CHINA TIMES], Taiwan now has 120,000 wanted criminals. Among them, 98 percent are wanted for violations against the law of negotiable instruments. On the average, among every 150 persons, 1 is on the wanted list. This makes Taiwan's crime rate the highest in the world.

The report said: According to the law of negotiable instruments in force in Taiwan, a person will be prosecuted for making out dishonored checks (that is, rubber checks). Afraid of criminal punishment, many people have refused to appear in court and have thus been listed as wanted.

The report said: At present, more than 10,000 convicts, amounting to two-fifths of the total number of convicts, are serving their sentences in prisons all over Taiwan for offenses against the law of negotiable instruments. Another 15,000 cases in violation of the law of negotiable instruments are still being tried, and such cases are multiplying at a rate of 20,000 a year. "If all criminals wanted for offenses against the law of negotiable instruments were arrested and made to serve their sentences, another 15 prisons of the same size as the Kueishan Prison would have to be built to accommodate them."

According to recent reports in a Hong Kong newspaper, juvenile delinquency has been on the rise in Taiwan in the past decade. The rate of increase is actually over 200 percent.

The paper pointed out: Juvenile delinquency in Taiwan is appalling. Most of the delinquents have committed offenses of manslaughter and larceny, other offenses include wounding others, robbery, endangering the public, swindling, concealing stolen goods, felling trees belonging to the public, smoking [yan 3533] and gambling. The oldest of these juvenile delinquents is only 16 years of age.

"Chairman of Taiwan's Economic Construction Committee Worried About Taiwan's Economy"

According to Taiwan's LIEN HO PAO [UNITED DAILY NEWS], at a forum of industrialists and businessmen held on 9 December last year, Yu Kuo-hua, "chairman of the Economic Construction Committee under the Executive Yuan," and Chang Kuang-shih, "minister of economic affairs," said Taiwan's economy will be "full of challenges" and will "encounter difficulties" in 1981.

Yu Kuo-hua said: Taiwan's export growth rate has slowed down in recent months. There are no obvious signs of an economic recovery in the major industrial countries in 1981, and the situation of the supply and demand of petroleum on the international market is complicated and confusing, while tension is still being felt.

Yu Kuo-hua also pointed out: What worries us most in the coming year are the soaring commodity prices. The extent of price rises was as high as 20 percent in the past year (note: the figures given here and in another report have been published by the Taiwan authorities. The actual figures are much higher). He said: Because the rate of price rises is faster than productivity growth, the competitiveness of Taiwan's export products is adversely affected. "The coming year will be a year full of challenges."

Taiwan's CHUNGYANG JIH PAO [CENTRAL DAILY NEWS] disclosed in an editorial that the unfavorable factors in Taiwan's current economic situation are:

1. In foreign trade, because of the rising cost of production, the growing trend of protectionism among the advanced countries and the competition coming from other developing countries with cheap products made possible by low wages, Taiwan finds it much harder to sell its light industrial products to other countries.

2. Due to the extreme shortage of energy sources, Taiwan spent 94 percent more on imports of energy supplies between January and October 1980 than in the corresponding 1979 period. Of this, foreign exchange payments for imported petroleum amounted to over \$5 billion. This is quite a dead weight.

"Pollution Endangers People's Lives in Kaohsiung"

According to reports in Taiwan newspapers, the Kaohsiung area was attacked by a bout of unidentified poisonous gas around 0600 on 14 December last year. At that time, as poisonous gas filled the air, large patches of fruit trees and vegetables withered, flying doves dropped to the ground and the residents had difficulty breathing. In a comatose state, the poisoned children were sent to hospitals for emergency treatment. This caused panic and anxiety among the local people.

According to reports, only 36 hours after poisonous gas had dissipated did people from the departments concerned arrive on the scene to carry out an inspection and gather samples. This case remains an unsolved mystery even now.

"Costly Medical Care Threatens Ordinary People in Taiwan"

According to the Taiwan press, medical care is costly in Taiwan, and people are afraid of getting old and contracting a serious or chronic illness.

Reportedly, when a wage earner suffers from a serious illness, he will often get heavily in debt and may even have to sell his house to pay the medical expenses. There is no social medical insurance for the peasants, fishermen, salt farm workers, poor city residents and workers' families. Superficially, the factory workers, servicemen, civil servants and school teachers enjoy medical insurance. They are not well protected either because of the irregularities and embezzlement at various levels. According to labor regulations in Taiwan, those who join the medical insurance scheme should pay insurance fees ranging from \$1 to \$4 a month. However, these fees are not really used to pay medical expenses. Every year, there is a surplus of labor medical insurance funds amounting to tens of millions of dollars and only 60 percent of the funds are paid to cover medical expenses.

According to the regulations, when a worker reaches retirement age at 60, he gets a pension proportionate to the length of his service. However, many factory owners often find excuses to sack the old workers nearing the retirement age, so as to cut labor insurance expenses.

Behind the superficial prosperity of Taiwan society at present are hidden the incurable ills common to all capitalist communities. The social problems and the serious crimes in Taipei reflect the social conditions of Taiwan as a whole.

"Taiwan Exports More and More Fake Goods"

According to the foreign press, Taiwan has become a major exporter of fake goods in Asia. There is still no way to calculate the actual amount of fake goods exported by Taiwan. Yet, it has been discovered that all trades in Taiwan have produced incalculable quantities of goods, such as automobile parts, metalware, wristwatches, fabrics, wines and spirits, and medicine. Imitating the goods of foreign brands or fraud were most serious in the production of automobile and engine parts and fabrics. [paragraph continues]

According to a Belgian newspaper, the imitation automobile parts produced by Taiwan are sold on the African, Middle Eastern and European markets, not only harming the interests of the original producers but also jeopardizing the users. The original producers are deeply dissatisfied with this.

In April last year, in an exhibition of service equipment and tools held in Japan, Taiwan manufacturers publicly displayed some goods modeled on Japanese products. This was discovered by the Japanese producers. The Taiwan manufacturers made fools of themselves. In August last year, the United States International Trade Commission published a list of producers who infringed on the patent rights of the U.S. cast iron furnace producers. About 17 Taiwan manufacturers were on this list. In December last year, the West German Technical Monitor Association disclosed that a Taiwan manufacturer produced hoisting jacks which were counterfeits of a famous West German brand. The West German manufacturer was even prepared to make an announcement in Taiwan newspapers to warn against the imitation of his goods. At the end of last year, an instance of imitating some British fabrics occurred, shocking the international market. When a British member of Parliament visited the biggest textile mill in Taiwan, he saw that the cloth produced by this mill for export was stamped with the mark "Made in Britain." He immediately asked that this matter be clarified. However, the Taiwan authorities could not give an answer. The member of Parliament reported on this matter at a meeting of Parliament. He revealed that Taiwan was exporting automobile parts of inferior quality under the names of some famous British brands. He also called for prohibiting the import of Taiwan products.

The Taiwan authorities were embarrassed when the above instances of imitating goods of foreign brands were disclosed.

The Taiwan CHUNGKUO SHIH PAO [CHINA TIMES] said in an editorial: The residents of Taiwan, which allegedly ranks 20th in world trade and whose annual sales of products amount to 920 billion, should blush with shame upon learning this news.

The editorial also pointed out: This is the biggest textile mill in Taiwan, and not a small factory or a peddler, that is counterfeiting a well-known trademark, assuming the name of another producer and not striving for progress. This shows that its management "lacks confidence" in its products. For one reason or another, the Taiwan authorities are taking no heed of this state of affairs. As a result, the bad practice of counterfeiting well-known trademarks is becoming more and more prevalent in Taiwan.

BRIEFS

TAIWAN WRITER'S SHORT STORIES--Beijing, 22 Feb (XINHUA)--The Guangxi People's Publishing House recently published a selection of short stories by Bai Xienyong, a contemporary Taiwan writer who is now residing in the United States of America. The first printing of the book was 34,000 copies. Bai Xienyong's stories have been published separately by major literary publications on the mainland during the past few years. The present selection includes 20 of his works, most of them written in the 1960's or later. A native of Guangxi, Bai Xienyong was born in 1937. Most of his stories describe people from various walks of life who left the mainland and went to Taiwan before 1949. His representative work is a collection of stories entitled "Taipei People." [Text]
[Beijing XINHUA in English 0704 GMT 22 Feb 81 OW]

YE JIANYING REPORTEDLY RETURNS TO BEIJING

HK270238 Hong Kong SOUTH CHINA MORNING POST in English 27 Feb 81 p 8

[By staff correspondent]

[Excerpt] The chairman of the National People's Congress, Marshal Ye Jianying, who has been in Guangzhou for the winter season, has returned to Beijing in time for the 17th plenary session of the NPC Standing Committee, it was learned yesterday.

Marshal Ye flew back to the capital on Monday. It is believed that newly appointed NPC Vice Chairman Yang Shangkun, mayor of Guangzhou before relinquishing his post to Liang Lingguang, accompanied the elderly marshal.

The plenum opened on Wednesday, presided by another NPC vice-chairman, Peng Zhen. The morning session was taken up by an economic report from Vice Premier Yao Yilin.

Marshal Ye has been in Guangzhou for more than three months. There has been much speculation over his absence from Beijing at a time when several important meetings and functions took place in the capital.

Sources close to the Chinese Government denied that Marshal Ye left Beijing because of differences of opinion with other leaders. They pointed out that in the past few years, Marshal Ye had always spent the winter in Guangzhou to escape the bitter cold of the north.

They also pointed out that Marshal Ye had been in constant touch with the leaders in Beijing. He was fully informed of the proceedings of a Central Committee working conference in December and endorsed its decisions.

Meanwhile, Marshal Ye's son, Ye Xuanping, who was transferred to Guangdong a year ago, has been elected a deputy to the Guangdong People's Congress and is attending a congress session now under way in Guangzhou.

A trained engineer, Mr Ye is also expected to be elected a vice-governor of the province.

YANG DEZHI, OTHER PLA OFFICIALS ATTEND OPERA

OW261140 Beijing XINHUA Domestic Service in Chinese 0205 GMT 26 Feb 81

[By XINHUA reporter Zhou Zemin]

[Excerpt] Beijing, 26 Feb (XINHUA)--The six-act opera "A Lover's Knot," praising the revolutionary spirit of "fearing neither hardship nor death" was recently performed in Beijing. The performance of this opera in the capital during the spring festival period has brought a fresh breeze of vigorously publicizing the socialist spiritual civilization on the stage.

Yang Dezhi, member of the Secretariat of the CCP Central Committee and chief of staff of the PLA General Staff Department; Deputy Chiefs of Staff Wu Xiuquan, He Zhengwen and Zhang Zhen; Deputy Directors of the PLA General Political Department Huang Yukun and Hua Nan and other leading comrades watched the opera. They highly praised the theme and artistic appeal of the opera as well as the skill of the performers. They said, it was a good opera for educating army men and young people on carrying forward the revolutionary tradition and building a spiritual civilization. Yang Dezhi urged the organizing of more opera performances with similar themes.

The opera depicts the glorious deeds of Huang Jiguang, a volunteer and a hero in the war to resist U.S. aggression and aid Korea in the early 1950's, who sacrificed his life in defending the newly born motherland and world peace. Huang Jiguang is an artistic image of a great communist fighter who sacrificed himself for the greatest interest of the people. Huang also demonstrated the heroic mettle of the Chinese people in subduing all enemies in the face of great difficulties. The opera is also in praise of the profound sentiments of internationalism between the peoples of China and Korea, who sharing a common destiny, fought shoulder to shoulder against the aggressors.

WEN HUI BAO ON CRITICISM OF HAN FEIZI

HK260012 Shanghai WEN HUI BAO in Chinese 9 Feb 81 p 3

[Article by Ye Shangzhi [5509 1424 1807]: "Rereading the 'Criticism of Han Feizi'"]

[Text] I first read "Criticism of Han Feizi" by Comrade Guo Moruo during the liberation war. At that time, I did not understand it very well; other than some knowledge of ancient ideological history, I learned nothing from it. During the 10-year upheaval, the "gang of four" suddenly started lavishly praising the legists and vigorously criticizing the "Book of 10 Criticisms" by Guo Moruo. Of course, they lauded Han Fei to the skies and tried very hard to negate the "Criticism of Han Feizi." This stirred my memory and I started to wonder: Why should they devote so much energy to rehabilitating Han Feizi on a grand scale, since Han Feizi was an ancient ideologist of the feudal ruling class who specialized in law and tact, who was criticized in great detail by Guo Moruo a long time ago. With these doubts in mind, I reread "Criticism of Han Feizi." The thought of Han Fei mainly consisted of praise for violence, force, power and influences; it expounded on ways to use law and tact, please and flatter the emperors, and dictate to the people. It was indeed surprising that such extreme feudal ruling ideology was able to form a system 2,000 years ago. Comrade Guo Moruo was an erudite and learned scholar, his criticisms were accurate and meticulous and very often he had brilliant opinions. This was something we should admire. However, in the 1970's in China, "the gang of four" went as far as publicizing the legist ideology of Han Fei on a grand scale; it was even more surprising that they revived dead ideology and praised it to the skies. To study the cause and effect of those extremely abnormal phenomena during the 10-year upheaval, I recently reread "Criticism of Han Feizi." With intense sorrow, I found that the ideology of our feudal society was indeed ancient, deep, systematic and "superb"; at any rate, it was by no means "inferior" to any other ideology in world history. After liberation, when we had not yet cleared away the pernicious influences of the feudal ideology left behind by the past years, the "gang of four" further intensified the adverse situation by promoting feudal ideology so as to strengthen their fascist autocracy. The feudal ideological system of law and tact of Han Fei publicized on a grand scale by the "gang of four" was the important "legacy" in the dustbin of feudal ideology. I deeply felt that the load we inherited from history was indeed too heavy. That is why we have to use so much effort today to unload and eliminate it before we can march with light packs.

Han Fei was not a wiser ideologist than any modern proletarian ideologist, as described by the "gang of four," he was but an ancient feudal ideologist who should be criticized and castigated. Strictly speaking, Han Fei should more properly be called a "legist and tactician." From Zi Chan, Li Li, Wu Qi, Shang Yang, and Shen Dao, to Shen Buhai, schools of law and tact developed at the same time. Han Fei synthesized the schools of law and tact, for he found that there was something insufficient in the "law" of Shang Yang and the "tact" of Shen Buhai; he used both law and tact to the extreme, formed a unique system himself, and "applied it to absolute monarchical power which he himself proposed." Hence, we may say Han Fei epitomized the ancient legists and tacticians of our country.

What was law in ancient times? It meant making the ruling laws into regulations and executing them. The focus of attention was on the "state," and certainly, it was in the interest of the feudal ruling class. What was tact? It was "intricate maneuver." The secret of manipulating it was beyond the comprehension of others, and it was very difficult to fathom the tact people were applying. Actually, to adopt tact meant playing tricks with the "emperors"--the focal point of attention. The tacticians paid special attention to detecting the feelings and expressions of the emperors, and "they were specialized in flattering and pleasing the emperors in order to gain their favor so as to get themselves promoted." In other words, they would do everything to protect themselves and secure their own positions. This was the typical weathervane school, which existed long ago in history. Han Feizi did not talk much about law; he just stated what Shang Yang had said. [paragraph continues]

He was not satisfied with the law of Shang Yang, mainly because Shang Yang concentrated merely on law without mentioning tact, and because Shang Yang's law was only beneficial to the state, not to the emperor. In this case, Han Fei brought tact into full play, and elevated it to the peak. Comrade Guo Moruo summed up the tact of Han Fei into seven main points. I would like to quote them below:

"1) Power and influence must not be delivered to others; 2) be cautious and never disclose your intentions; 3) treat people as bastards; 4) destroy all moral values; 5) execute an obscurantist policy; 6) be strict in punishing and very cautious in commending; 7) be unscrupulous when necessary."

What was the power and influence that Han Fei valued? It meant making the people throughout the country report what they heard and what they saw, in short, putting eyes and ears everywhere, so as to form what Han Fei called "power of intelligence"; together with other aspects of law and tact, it became "power of dignity." In Han Fei's mind, the state would be secure only if it possessed power and was good at using it, otherwise, the state would be in danger. With power, mediocrities could rule the state, enjoy prosperity and prestige and act like tyrants. Without power, even sages and heroes would find it difficult to rule the state, and they might be killed or involved in great troubles. Since power and influence was so precious, it had to be monopolized and not shared with others. Han Fei was an extremist of the school of power. Autocracy and dictatorship were the inevitable consequence, since power and influence were held in high esteem. This was what all scheming feudal emperors were most interested in.

Han Fei openly preached that nobody was trustworthy. He said, "The shortcoming of the masters was to trust and rely on others; they would be controlled and manipulated by others if they did so." To Han Fei, nobody was trustworthy, let even wives, sons and daughters, elders and brothers. These were the fallacies in his book "On Eight Treacher-ies." He did not believe that men were capable of doing good, in his mind, men were basically scoundrels and should be constrained by law and tact. His only criterion for good and evil was whether or not it protected and safeguarded the security and prestige of the master, he totally denied that there was an objective criterion of truth. What he believed was "violence could be stopped by power and influence," and he thought that "disorders could not be curbed by virtues." In his mind, the ends totally justified the means; and so long as one was able to do the job, personality was beside the point. Basically, Han Fei denied the value of man and the value of morality. He did not treat man as man but as cattle, horses, jackals and wolves, talons and fangs or tools. In fact, what Han Fei needed were but "horses and cattle to do the plowing, jackals and wolves to fight for him in battles, and hounds to serve as informers;" that is to say, he wanted people to serve him, fight for him and inform him of secrets. Of course, to achieve this purpose, he had to practice an obscurantist and fraudulent policy. Thus, it was clear that Han Fei was a typical individualistic totalitarian, and utilitarian, and a mean and cruel pragmatist.

What then were the implications of the rewards and punishments proposed by Han Fei? He was proposing that "the people would surrender if the punishment was severe enough, and too many evils would follow if there were too many rewards." He was actually promoting severe punishments and cruel tortures, while rewards were just something to serve as contrabands. Sometimes, severe punishment was used as a disguise to deprive people of rewards. To practice severe punishment and cruel torture was to use various cruel means to suppress people, innumerable people would be involved and then "the people would be scared." By the way, to get people involved was a measure openly initiated by the legists. Shang Yang invented "the law of getting people involved" but Han Fei found the law of Mr Shang not severe enough!

The tact of Han Fei was incomparably mean and cruel; he would do anything by hook or by crook to achieve his purpose. He had many wicked ideas for controlling government officials, for example: keeping people's relatives and wives as hostages; bribing government officials themselves and their relatives with ranks of nobility and rewards; and forming blood relations with enemies by marriage bonds. He even went as far as saying things like "If they did not succumb to power and influence, they would be executed," and "People would be executed if they did not accept rewards and praise and change themselves accordingly, or if they refused to repent after punishment and torture." These were so-called executions. He would make others do the assassinations and dirty work for him. Han Fei said, "This was what we call eliminating potential traitors." He was indeed "vehement and vicious," and would try every means to extend his influence. Comrade Guo Moruo said, "It was surprising that such crafty plots were undisguisedly expressed in black and white by Han Fei, and people could not help but wonder if his nerves were made of iron and steel."

The damage Han Fei did to culture was more thorough than the damage done by "literary inquisitions." He simply did not permit literary works other than legal books to exist. He forbade the study of history, technology and skills. In his mind, all literary scholars, martyrs and heroes were but people who were "disloyal and had selfish motives, who were doing something against the people of the world." Thus, their "minds, deeds and words were being checked." "We should dissipate their party by checking their deeds and disintegrating their groups." He also said, "In checking treachery, the first priority is to check people's minds, the second to check their words and the third to check their deeds." Thus, we can see how much the feudal autocracy proposed by Han Fei devastated our culture and how freedom of thought and speech was checked.

It seemed that Han Fei proposed something like "government officials should air their opinions;" however, he also said "If the rewards for your merits are not good enough to put you in the position to make comments, or if the actual situation does not conform to your words, you will be executed," and, "People doing something exceeding their positions will be executed, and people who fail to carry out their jobs properly will be punished." In other words, people should be very careful of their words, and the only "safe" way was to remain silent. In this situation, who would have the courage to air his opinions? In Han Fei's view, only informers of tricks and secrets would be welcomed and rewarded under all circumstances. This was because, in Han Fei's mind, they were beneficial and harmless to his position, thus, they were by all means welcomed.

Comrade Guo Moruo said: The theories of Han Fei excelled his posterity in Europe and France, and were able to impair their excellence on similar topics. Even Emperor Qin Shi Huang could not help sighing with regret after reading Han Fei's works, saying, "Alas, I would have no regrets if I were able to meet and make friends with Han Fei." We can thus see how he sincerely worshipped Han Fei.

Han Fei's theories on law, tact and tricks were in fact expounded without any disguise, however, sometimes he did try to mask them. He did expound theories on how to "work for the interests of the people," and "relieve people from their disasters," in a tone as if he himself was the "savior." He even said something like "It is selfish and mean to run away from danger and disregard the interests of the people. I despise such selfish and mean deeds." He made himself sound like someone brave to face disasters and dangers, someone who with whole heart and whole mind devoted himself to work for the interests of the people. It was easy to see that he was merely paying lip service to this, if one looked at his other words and deeds.

The above is but the general picture of the thought of Han Fei. As for how Han Fei should be further criticized, I think we should invite some other specialists to study and elaborate on it, since it is beyond the context of this article. [paragraph continues]

However, from the above passages, we can notice: Han Fei was a venomous extremist, and historians listed him among the most "vehement and vicious" figures among the feudal ruling ideologists. To put it in modern terms, we can say that he was an "extreme leftist" of the feudal ruling class. Let us compare his words and deeds with those of the "gang of four," we can then understand why the gang of four had the sudden impulse to boost the "legists" on a grand scale and extol Han Fei to the skies. The connections between them and the mystery behind it are very clear. When they praised Han Fei, it was the 7th or 8th year of the 10-year upheaval, and what had they achieved then? They had brought great calamity to the party and people, and even for the "gang of four," it was hard to go muddling on. However, Jiang Qing was still dreaming of being an "empress." It was not surprising that they consecrated the ghost of the legist Han Fei when they themselves were approaching the end of their days.

RENMIN RIBAO ON BALANCED BUDGET, BANK LOANS

HK251020 Beijing RENMIN RIBAO in Chinese 17 Feb 81 p 5

[Article by Huang Jube {7806 3458 3134}: "A Problem in Seeking a Unified Balance Between State Revenue and Credit Supply"]

[Text] Editor's note: Using bank loans to solve financial problems, fundamentally speaking, is not a way out. Where its source of credit funds is guaranteed, a bank can grant medium and short-term loans within set limits, in order to help existing enterprises to tap their potentials and carry out reforms. Sometimes, a bank seems to have an abundant supply of cash. This is because even though funds have been allocated in the budget, no proper commodities have been bought with bank deposits, or because the residents have put some of their money in it, due to an inadequate supply of commodities on the market. This is actually credit expansion and make-believe affluence. Under these circumstances, using credit funds to make up budget deficits causes great harm. [end editor's note]

Some comrades think that financial problems can be solved with the help of banks. They want the banks to convert their liquid funds and some of the money allocated for tapping potentials and making reforms into loans. This means overdrawing a bank account to help cover a deficit. Therefore, it is necessary to study whether using bank loans to make up a deficit provides a way out.

When we face temporary financial difficulties and really have ample credit funds on hand, we can, through a unified balance, reclaim some bank credit funds or overdraw bank accounts to cover a deficit. When financial conditions improve, we can then return the money to the banks. However, under these circumstances, the banks can no longer use the same funds as loans. Instead they should tighten credit supply and ensure a balance between receipts and payments where credit is concerned. Using such a method to make up a budget deficit is an expedient under peculiar circumstances, and the amount involved is also limited.

Bank credit funds represent one of the important sources of liquid funds to the various sectors of the national economy. Historically speaking, by just relying on deposits from enterprises, organizations, the people's rural communes, residents' savings and other short-term deposits, banks cannot meet the demand for liquid funds on the part of the various sectors of the national economy and various enterprises. The shortfall is the gap between the credit funds available to them and the amount of loans granted. This calls for an allocation in the budget to ensure a balance. In the past, based on the expansion of production and circulation, we had to allocate additional liquid funds and credit funds every year. Now we want to reduce such allocations or even stop allotting any more liquid funds and credit funds. We also want to share the burden of some credit funds with banks, and overdraw large amounts of money from banks to cover deficits.

This is actually reclaiming credit funds to make up budget deficits. Obviously, the banks do not have the ability to bear this burden. It can be seen that using bank funds to cover up deficits, fundamentally speaking, is not a way out. In no way can we unrealistically count on bank credit funds to make up deficits.

It should be pointed out that a central problem in achieving a unified balance between financial revenue and credit supply is one of rationally arranging the liquid funds required for expanded production and circulation and capital construction investments. In this regard, we once made a serious mistake in distribution. This was chiefly expressed as lack of additional liquid funds provided for in the budget (including funds for enterprises' own use and bank credit funds). Such a mistake often arises out of an excessively large scale of capital construction which forces a reduction in the allocation for liquid funds. The liquid funds indispensable to the expansion of production and circulation are thus not assured. This is actually an expression of an imbalance between national resources and construction. During the period of the 'first 5-year plan,' the ratio between the allocation for capital construction in the budget and the allocation for liquid funds was 100:25 (that is, for every 100 yuan spent on capital construction, there was 25 yuan set aside as liquid funds). In 1956, the ratio was 100:7.7. The rational balance between the two was thus upset, causing an inadequate supply of liquid funds and tight commodity supplies. In 1958-1960, the ratio between the funds provided for capital construction in the budget and the allocated liquid funds was 100:16.6. During the 1961-1963 period of readjustment of the national economy, the investment in capital construction was reduced, so that the ratio between the two was readjusted as 100:30. During the 10-year period of turmoil, this normal ratio was again upset. It further dropped to 100:13.6. In the above several periods, the trends of change in the ratios between capital construction investments and allocated liquid funds coincided with the several setbacks occurring in our national economy. This was not coincidence. It reflected the built-in relations between the ratio between capital construction investments and allocated liquid funds on the one hand and a comprehensive balance in the national economy on the other. It shows that we must achieve a unified balance between national income and the amount of loans granted. The budget must assure banks of a reliable source of credit funds. These historical data have once again showed us that the idea calling for the reclamation of large amounts of bank credit funds to cover a budget deficit is unfounded.

We may make an analysis from another angle. Bank credit funds are mostly intended as short-term loans or operating funds and are a reflection of the money likely to be needed for goods and materials in production and circulation. To use bank credit funds to cover a budget deficit is actually to divert possibly needed goods and materials from production and circulation to capital construction and other budgetary expenses. Here we can easily see that the amount of bank credit funds that can be used to make up a budget deficit is limited by the goods and materials that can possibly be spared in production and circulation, or by a possibly accelerated capital turnover. To exceed such limits, or possibly divert needed materials in production and circulation to capital construction and other budgetary expenses will inevitably lead to the scale of construction exceeding national resources and an imbalance.

Given the serious budget deficit, why have some comrades developed the erroneous idea that banks have an ample supply of funds and called for drawing on bank funds to make up budget deficits and to grant capital construction loans? This is because they have an inadequate understanding of the phenomenon of credit expansion in real economic life.

What is credit expansion? It means granting credit exceeding the growth of production and commodity sales and extending some loans not backed up with materials.

How does credit expansion arise? One cause is that the funds allocated in the budget that cannot be used to obtain commodities are deposited in banks and thus turned into a source of credit funds. Another is that due to an inadequate supply of commodities on the market, the residents have taken their potential purchasing power--their money--and deposited in the banks or have kept it in their own hands. Despite the increase in the credit funds concentrated in banks, some of them do not represent a regular increase in deposits. They represent goods and materials which have accumulated and are not suited for the market. They even do not represent any goods and materials at all. If such bank funds are offered as loans, they will affect the market, as a scramble for goods and materials will ensue. Some funds that find no proper outlet are further generated as new deposits. Such a cycle makes for and exacerbates credit expansion.

As far as the allocation of budget funds is concerned, due to an imbalance in the various proportions represented by the production structure, a part of the financial income does not represent goods and materials suited for market needs, and even may represent something useless and worthless. How does this false budgetary income come about? The commodities produced by some production enterprises are poor in quality and fall short of required specifications. They even have no value in use. Bound by the system of planned state purchase and marketing, or prompted by the need to keep the production of these enterprises going, the commercial departments and supply departments have to purchase them with loans provided by the banks. As the commercial departments use such loan money to purchase goods and materials from the industrial departments, the latter in turn use it to pay taxes to the state. Such false income is again allocated in the budget. Because this is not backed up with goods and materials suited for market needs and is again used as additional bank credit funds offered as loans, credit expansion results. Credit expansion leads to the existence of false income and covers up a false balance in the budget. The existence of false income combined with actual expenditure exacerbates credit expansion. Such credit expansion often creates the false impression that there is an abundant supply of bank money and that the scale of capital construction can be continuously expanded. Exactly because they do not understand the existence of credit expansion in real economic life or the essence of credit expansion, some comrades always feel that bank funds can be used to launch more capital constructions projects and to make up budget deficits. In fact, this is a way of unconsciously using the policy of credit expansion to enlarge the scale of construction and to worsen the imbalance between national resources and the scale of construction.

In the "3 years of Great Leap Forward" from 1958 to 1960, problems like the following arose. For a time, bank credit funds appeared to be plentiful. Some banks made a big fuss about channeling these funds into enterprises. They used inflated bank credit funds to support the expansion of capital construction and to support commercial departments and supply departments in their ambitious purchase and marketing plans. They even supported those who "want to purchase fish ponds that never had any fish in them" and who "want to purchase mines that had never been verified." In tackling the subsequent problems that cropped up, it was found that the part of the bank credit funds which had been directed toward capital construction could not be recovered. A part was used to produce low-quality and even useless commodities which amounted to no more than bad debts that could not be collected. Recently, the losses written off in the budget reached several million yuan--losses that had accumulated in 3 years of expanded credit. The "puzzle" about the false budgetary income thus was solved. In the 10 years of turmoil, similar situations existed. Money locked up in large stocks of rolled steel and mechanical and electrical products also came from funds generated by expanded bank credit. Historical experiences and lessons have told us that the plentiful supply of bank funds is sometimes only a false phenomenon and will not last long. Judging from the interrelations between the state financial budget and bank deposits received and credit granted, the banks and the state budget may be likened to "a pair of pants."

It sometimes happens that one pant leg is relatively full and another relatively empty, but the total amount of funds in both pants legs is backed up with goods and materials which are always unchanging. We cannot spend money freely just because one pant leg is full--regardless of whether the other is empty or not. The excessively large allocation in the budget or the serious economic loss caused by expanded credit must eventually be taken care of through a unified balance between state revenue and credit supply.

The relations between the budget deficit and expanded credit can be more clearly seen. The allocated funds in the budget not utilized for goods and materials are deposited in a bank. The bank then offers these funds as loans. This makes for credit expansion. As the budget deficit is made up through the method of overdrawing accounts at the bank, new deposits not utilized for goods and materials are again generated. As the bank again offers these deposits as loans, new credit expansion further occurs. This is to say that as expanded credit is used to make up the budget deficit, the budget deficit in turn exacerbates credit expansion. The bank is eventually forced to issue large amounts of paper money, causing inflation. We must have a clear understanding of the nature and harm of credit expansion. In no way can we be obsessed with the make-believe abundance of bank funds caused by credit expansion. We must not unconsciously resort to the policy of credit expansion. If there is a budget deficit, we should carry out the policy of tightening credit. Given a guaranteed source of credit funds, the bank can grant medium and short-term loans within set limits, in order to support the existing enterprises in tapping potentials and carrying out reforms. However, if for lack of capital construction funds we always want to take advantage of bank funds and seek to enlarge the scale of capital construction at all costs, this is undoubtedly adding fuel to the flames and will inevitably worsen the imbalance between national resources and construction and hamper the smooth progress of the readjustment of the national economy.

STATE ECONOMIC COMMISSION URGES PLAN COMPLETION

06261906 Beijing XINHUA Domestic Service in Chinese 1421 GMT 26 Feb 81

[Text] Beijing, 26 Feb (XINHUA)--At a symposium on industrial administrative reform, the State Economic Commission urged the industrial and transport departments, with economic readjustment as the center, to make sure that this year's industrial production and transport plans are fulfilled, and to strive to increase production, conserve resources, increase revenue and cut expenditure to achieve greater economic results and contribute to economic development, balancing the budget, stabilizing commodity prices and consolidating stability and unity.

The symposium, which started today, is cosponsored by the office in charge of the reform of the economic system under the State Council and by the State Economic Commission. It is attended by leading comrades of the economic committees and industrial and transport departments of various provinces, municipalities and autonomous regions, representatives of some enterprises selected for economic reform, economic theorists and comrades of various departments concerned.

As the symposium opened, a leading member of the State Economic Commission transmitted the opinions of the leading comrades of the State Council, who stressed that industrial and transport departments throughout the country must firmly implement the policy of the party Central Committee and the State Council in carrying out further economic readjustment and realizing greater political stability, and fulfill the following five major tasks this year:

First, continue to readjust the structure of industry and commodity production. This year, efforts will be directed to actively and earnestly promoting light industrial production, readjusting heavy industrial production according to plan and necessity, conserving energy by all possible means and, under the premise of ensuring the quality of products, increasing production of marketable products to bring about a prosperous market and increase financial revenue.

Second, strengthen weak links within industry. The strained situation in transport and the disproportionate development in mining and in oil extraction and storage must be improved by fully utilizing available means and tapping internal potential.

Third, steadily carry out reform around economic readjustment. The experimental project of giving selected enterprises more power in making their own decisions should be consolidated and further improved. To better organize productive forces and further enliven the economy and production, industrial reorganization and integration should be carried out along with closing down, suspending, merging and transforming some enterprises in accordance with the principle of carrying out extensive coordination among specialized departments.

Fourth, enterprises must be earnestly improved. In accordance with the general policy of the party Central Committee and the State Council, the leadership system of existing enterprises should be stabilized; building of leading groups should be improved; various fundamental projects, quality control and economic accounting must be strengthened on an overall basis; regular training of staff and workers must be inaugurated; and enterprises' business administration must be improved.

Fifth, ideological and political work must be energetically strengthened. Education on upholding the four basic principles, on the current situation, on building a civilization with socialist spirit, on repudiating the inroads of the bourgeois ideology and on law and discipline must be carried out by linking such education with the actual conditions of various enterprises so that the work of economic readjustment can be carried out smoothly.

The current national symposium on industrial administrative reform will exchange experiences, discuss and offer opinions on how to further carry out industrial reorganization and integration, consolidate and improve the experimental work of giving selected enterprises more power in making their own decisions and improve themselves during the course of economic readjustment.

MAJOR POWER PROJECTS UNDER WAY IN COUNTRY

00270818 Beijing XINHUA in English 0807 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--China is constructing and expanding a number of big hydro-electric and thermal power stations with a combined generating capacity of about 20 million kilowatts which, upon completion, will ease the power shortage in the northern and eastern parts of China.

Despite the present retrenchment on capital construction, investment in the power construction rose from 6.9 percent of the total capital investment budget in 1979 to 9.1 percent this year as power generation is considered a priority. New thermal power plants with a total generating capacity of more than 10 million kilowatts are being built in northern China where abundant coal is available.

Construction of a power plant with a designed capacity of 1.2 million kilowatts is underway in China's top coal producer, Datong in Shanxi Province. The new electricity produced at this and the two expanded plants of Douhe and Matou with a combined generating capacity of 1.2 million kilowatts in Hebei Province will be channelled to the north China power grid.

Moreover, Henan Province, central China, is adding two 300,000-kilowatt generating units to the 600,000-kilowatt Yaomeng power plant in the coal center of Pingdingshan.

1. 27 Feb 81

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Ongoing hydro-electric power projects are located on China's mighty rivers, including the Yangtze, Yellow, Songhua and Dadu Rivers. Two power stations being built at Geshouba, China's biggest multi-purpose water control project on the Yangtze River, will be able to produce 2,715,000 kilowatts. Two of the generating units, 170,000 kilowatts each, are expected to begin operation by the end of this year.

Also under construction is the Longyang Gorge hydro-electric power station on the Yellow River. The station is next only to the Geshouba power project in terms of power generation.

SCIENTISTS URGED TO CONTRIBUTE TO PRODUCTION

OW261741 Beijing XINHUA Domestic Service in Chinese 1140 GMT 26 Feb 81

[Text] Beijing, 26 Feb (XINHUA)--The State Scientific and Technological Commission recently issued a circular calling on the scientific and technological circles to offer their advice and services in promoting this year's agricultural and consumer goods production.

The circular says: The national scientific and technological work conference held in December 1980 affirmed that the primary task of scientific and technological work is to promote economic development. At present, the 1981 national economic plan has been issued to lower levels and farming will soon begin in the vast countryside. The scientific and technological management departments at all levels, all relevant scientific research institutions and all relevant scientific and technological personnel should immediately get mobilized to offer their advice and services and above all make due contributions to agriculture, light industry and the production of products for the people's daily use.

The scientific and technological committees in all localities should work under the leadership of local party committees and government; actively help the agricultural department and other departments concerned to take advantage of their superior features in the production of grain, cash crops, animal husbandry products, fishery, forestry, vegetables and fruit and make great efforts to popularize scientific and technological achievements and strive for better harvests over large areas and for still better economic results. The prefectural and county scientific and technological committees may cooperate with departments concerned in the production of one or two agricultural products that meet the needs of our country and are the most suitable products in the locality. The scientific and technological committees and the departments concerned should coordinate with one another in scientific research, production and marketing so the product or products can become still more marketable in domestic markets and even occupy a position in international markets within a few years.

We should pay attention to the production of those light industrial goods which have an important bearing on the development of agricultural production and on food, clothing, housing, transportation and other aspects of the people's livelihood. We should pay attention to research in production techniques for the textile industry, food processing, multiple utilization of timber, household electric appliances, pottery and porcelain, handicraft art goods, heavy-duty bicycles urgently needed by peasants, watches, clocks and sewing machines. We should pay attention to research on the preservation of fresh-ness, storage, packing and transport techniques and equipment in the course of commodity circulation. When we conduct research on and develop the production techniques for light industry, we must set a clear and firm objective--to increase the production of good, inexpensive and marketable commodities; to increase the production of products which can increase our foreign exchange income and decrease our foreign exchange spending; to save energy and lower raw material consumption; and to increase national and regional revenue.

The circular says: We have accumulated many scientific and technological achievements over a period of many years. They will yield quick results if we seriously apply them in production.

The circular calls on the management cadres in the scientific and technological departments to learn something about economics while striving to expand scientific, technological and management knowledge. It urges the management cadres to know the economic situation and economic policies at all times and closely cooperate with the planning, production management and commercial departments so the development of science and technology keeps pace with economic and social development.

RENMIN RIBAO CITES INCREASED DEMANDS FOR GOODS

OW271250 Beijing XINHUA in English 1227 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--An article in today's PEOPLE'S DAILY calls for an increase in manufactured goods in rural areas to keep pace with the growing purchasing power of China's 860 million peasants. Supply of commodities still falls short of demand though retail sales of consumer goods in rural areas rose by 21 percent and of agricultural producer goods by eight percent last year over 1979, says the article by Gong Jishi, an official of the All-China Federation of Supply and Marketing Cooperatives.

Peasants are buying more chemical fertilizer, insecticides, husking machines and other farm implements, the article notes. In addition, they are demanding furniture, electric fans, television sets and other goods that are regarded as luxuries even in cities. Rural young people particularly are asking for goods not only durable but also fashionable, now that they have more money to spend, the article says.

Quoting statistics from Hebei, Shandong and Henan Provinces, it says that by selling cotton alone, the peasants there earned over three billion yuan more in 1980 than in the previous year. It adds that there is a tendency of urbanization in the peasants' buying habits. They are now buying more and more from shops ready-made dresses, hats, shoes and other articles which they used to make themselves.

ORGANIZATIONS URGE REVIVAL OF SOCIALIST SPIRIT

OW271302 Beijing XINHUA in English 1231 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--Nine Chinese mass organizations have called for nationwide efforts to revive the comradeship, patriotism and socialist spirit which prevailed in China in the 1950's and early 60's. The nine organizations are: The All-China Federation of Trade Unions, the Central Committee of the Chinese Communist Youth League, the All-China Women's Federation, the China Federation of Literary and Art Circles, the Central Patriotic Public Health Campaign Committee, the All-China Students' Federation, the China Society of Ethics, the China Society of Linguistics and Philology and the China National Society of Aesthetics.

In a written proposal, the organizations say stress should be laid on five traditional standards--decorum, courtesy, public health, discipline and morals--and four "points of beauty"--beautification of the mind, language, behavior and the environment. The proposal says: "By decorum and courtesy we mean suiting the word to the deed and fostering mutual respect, trust and help between people, and the communist spirit." "Beautification of the mind refers to the cultivation of fine ideology, moral character and integrity and safeguarding the Communist Party's leadership and the socialist system."

"Beautification of language means the use of polite and modest words; beautification of behavior means acts in the interests of the people; and beautification of the environment means paying attention to sanitation in families, offices and public places."

The proposal says that the ethical standards of the 1950's and early 60's were badly eroded during the "Cultural Revolution" of 1966-76. "Now we not only have to revive the fine traditions of our nation but also build a civilization which is imbued with the communist spirit," it adds. Special efforts must be made to foster civilized standards among the young people and the children, the proposal says. Nurseries, kindergartens, schools and people of all professions and trades should join the campaign to make it a success.

PLA ISSUES INSTRUCTION ON YOUTH WORK, PRINCIPLES

00270349 Beijing XINHUA Domestic Service in Chinese 0050 GMT 27 Feb 81

[Text] Beijing, 27 Feb (XINHUA)--The PLA General Political Department recently issued an instruction on strengthening work regarding young servicemen. The instruction points out that in this work, it is imperative to uphold the four basic principles, conduct profound education in the party's line, principles and policies and strive to train and bring up a new generation of young people who cherish noble ideals, who are morally, intellectually and physically fit, who pay particular attention to appearance and bearing, courtesy and discipline and who fear neither difficulties, hardships nor sacrifice of blood or life.

The instruction says: Young people are the basic components of the army and the principal object of political work in PLA units. Our army has a fine tradition in youth work. At this crucial historical turning point, striving to do a good job in young work is of tremendous significance for implementing the party Central Committee's major policies for making further readjustment in the economic field and achieving further stability and unity in the political field, for training competent hands for building a modernized revolutionary army and for fulfilling the monumental task of defending the motherland and achieving the four modernizations. To strengthen youth work, it is imperative to carry forward our army's fine tradition, build a socialist spiritual civilization, continue activities to "learn from Lei Feng and from heroes and models," carry forward patriotism and revolutionary heroism, resist the intrusion of bourgeois ideas and combat all unhealthy tendencies. It is necessary to call on young people in all job positions to acquire, through hard and earnest efforts, political, military, professional, scientific and cultural knowledge and strive to become sharpshooters with both small and big guns and competent technical personnel so that they can play a role as the shock force and make outstanding achievements in all fields of work for building a modernized revolutionary army.

The PLA General Political Department's instruction wants party committees and political organs at all levels to take positive measures to strengthen their leadership over youth work. They should work hard to build CYL organizations, successfully carry out CYL work in line with the central tasks of the army at any given time and, taking into consideration young people's characteristics, conduct intensive activities to create advanced CYL branches and earnestly conduct education in "becoming a qualified CYL member." CYL members must be models in studying, pacesetters in training, a backbone force in ideological work and shock workers in fulfilling missions.

QINGNIAN BAO ON SHANGHAI YOUTH'S MORAL IMPROVEMENT

00270233 Shanghai City Service in Mandarin 2300 GMT 26 Feb 81

[Report on QINGNIAN BAO 27 February front-page lead commentary: "Let the Breeze of Spiritual Civilization Warm Our Society"]

[Text] The commentary says: Activities to learn from Lei Feng this year began while the state carried on full-scale readjustment of the national economy.

The resounding theme of the activities is to identify with the party, share the state's burden and help alleviate the people's anxiety.

While organizing young people to begin these activities, CYL organizations in all districts have paid attention to learning from Lei Feng's efforts to promote stability and unity. Young people in units under all industrial bureaus have devoted themselves to doing good at their posts to help the economic readjustment.

The commentary says: Activities of serving the people and the serve-the-people teams have been seen throughout the city. This is another remarkable feature of this year's activities to learn from Lei Feng. The more than 2,600 serve-the-people teams organized by young people working in units under the light, metallurgical, handicraft, instrument and meter, textile and electromechanical industrial bureaus have been doing things to benefit people inside and outside factories for a long time.

Another feature of this year's activities to learn from Lei Feng is that young people have set the goal of building the spiritual civilization. They learn from society with a view to transforming their outlooks.

Finally, the commentary points out: The moral outlook of the young people of all types on all fronts has undergone a profound change. This is a forceful counteraction to the society's censure of the Lei Feng spirit prevailing some time ago. This eloquently shows that effective and vivid education in communist morality among the younger generation greatly promotes efforts to build socialist material and spiritual civilization.

GONGREN RIBAO CALLS ON WORKERS TO STUDY HARD

OW261651 Beijing XINHUA Domestic Service in Chinese 1133 GMT 26 Feb 81

[Text] Beijing, 26 Feb (XINHUA)--GONGREN RIBAO in today's editorial under the title, 'Make the Best Use of the Opportunity To Study Hard,' calls on the broad masses of staff and workers to make the best use of time to study political affairs, culture, science and technology in order to play a greater role in further readjusting the national economy and accomplishing the great undertaking of the four modernizations.

The editorial says: In building the four modernizations we need a large contingent of staff workers with a high degree of political awareness, scientific and cultural knowledge and professional skills and experience in management, i.e., a large number of talented people who are both socialist-minded and vocationally proficient. The staff and workers in our country are always imbued with the spirit of working hard for the prosperity of the country and with the spirit of forging ahead. However, because of the disasters caused by the decade of turmoil and various reasons in the work, the scientific, cultural and technical levels of the staff and workers in our country are comparatively low. We must make the most determined effort to conduct general training for all the staff and workers during the sixth 5-year plan and, through periodic rotational training in the future, to continuously raise their level and train from among them a large number of specialists proficient in their own vocation and economic construction personnel well versed in modern economics, science and technology.

The editorial says: The party and government are presently attaching great importance to the work of training the staff and workers and have actively created the study conditions for us. Each of the staff and workers must foster high aspirations and study hard in order to raise his political, cultural and technical levels.

The editorial points out: Because some capital construction projects have been suspended or deferred during the period to further readjust the national economy, some enterprises and units are facing insufficient production tasks and have surplus labor forces. They can release a considerable number of staff and workers from production for rotational training. This will be a very good opportunity for study. Released from production to study for 3-6 months, the staff and workers will be able to concentrate their efforts and achieve better results in study than by spending 2-3 years undergoing spare-time education. We must make the best use of time and actively take part in study.

The editorial says: Some young staff and workers, who wasted their precious time and did not study well during the decade of turmoil, must make greater efforts to make up for lost time. We must set up the lofty aspirations of the revolution, seize the opportunity, be eager to make progress and try hard to catch up with the pace of the times with confidence.

GUANGMING RIBAO ON APPRAISING SHI KEFA

HK241402 Beijing GUANGMING RIBAO in Chinese 1 Feb 81 p 3

[Article by Wang Li [3769 3810]: "How Are We To Appraise Shi Kefa"]

[Text] Up to now the question of how are we to appraise Shi Kefa is still a controversial issue. In his article entitled "Knowing True Gold Means Knowing Copper Sulfide--On Expounding and Proving That Shi Kefa Was Not a National Hero" (see Yangzhou Teachers College Journal No 4, 1979), Zhang Shicheng noted: Shi Kefa engaged in passive resistance to the Qing, was obstinate and self-opinionated, bungled the chance of winning a battle and only produced pernicious effects on the nation and the people. Therefore, Shi Kefa was definitely not a national hero. In his article entitled "My Views on Questions Concerning Shi Kefa" (see Yangzhou Teachers College Journal No 1, 1979), Qin Ziqing noted: Shi Kefa cannot be considered a national hero and should not be put on a par with Yue Fei, Wen Tiansiang and Zheng Chenggong. However, he should not be totally negated nor should we confuse Shi Kefa with Gong Dingxi, Hong Chengchou and Qian Qianyi. In his article entitled: "We Should Restore Shi Kefa's Historical Status as a National Hero," Cai Qi disagreed with the above-mentioned views, saying that Shi Kefa should still be regarded as a national hero in Chinese history.

In analysing Shi Kefa's ideas about "uniting with the Qing to eliminate bandits," Cai Qi noted: There is no need to cover up the fact that Shi Kefa's proposal for "uniting with the Qing to eliminate bandits" was reactionary by nature. However, a man's ideas are always restricted by his objective being. Therefore, in appraising Shi Kefa, we must not set on him any demand that transcends history. At that time, three regimes coexisted, namely, the regime of the peasants, the regime of the Southern Ming Dynasty and the regime of the Qing Dynasty. It was impossible for Shi Kefa to simultaneously shake his two fists to attack the two enemies. It was also impossible for Shi Kefa to unite with the "bandits" who had just killed the Chong Zhen emperor and were his irreconcilable foes. Therefore, Shi Kefa had to adopt the precedent policy on uniting with the foreigners. However, when he saw that the Qing "was changing its flag to go on a punitive expedition to the East," he changed his policy of "uniting with the Qing to eliminate the bandits" into the policy of "resisting the enemies and eliminating the bandits" and resolutely took the road to resist the Qing and rejuvenate the Ming. Therefore, Shi Kefa's proposal for "uniting with the Qing to eliminate the bandits" was a tactical measure adopted to meet the needs of the guiding principle for consolidating the regime of the Southern Ming Dynasty and rejuvenating the Ming. Shi Kefa's activities in "uniting with the Qing" must not be put on a par with those traitors who betrayed the national interests and "surrendered to the Qing."

1. 27 Feb 81

PEOPLE'S REPUBLIC OF CHINA
EAST REGION

01

ZHANG JINGFU SPEAKS AT ANHUI CONSULTATIVE MEETING

OW261402 Hefei Anhui Provincial Service in Mandarin 1100 GMT 26 Feb 81

[Text] The Anhui Provincial CCP Committee this morning called a meeting of responsible members of all democratic parties and nonpartisan patriots to discuss in a democratic way the question of readjusting and electing additional responsible personnel to the Standing Committee of the provincial People's Congress, the provincial People's Government and the provincial CPPCC Committee. Attending the consultative meeting this morning were also first secretary Zhang Jingfu, Second Secretary Gu Zhuoxin, and Secretary Zhang Kaifan of the provincial party committee, and Standing Committee member Hu Kaiming of the provincial party committee. The meeting was presided over by Comrade Zhang Kaifan.

Both Comrades Zhang Jingfu and Gu Zhuoxin spoke at the meeting. Comrad Zhang Jingfu said: The main purpose of inviting everyone to attend today's consultative meeting is to discuss the question of readjusting and electing additional responsible personnel for the standing Committee of the provincial People's Congress, the provincial People's Government and the provincial CPPCC Committee. One of the Communist Party's traditions is to consult in a democratic way with all democratic parties and nonpartisan patriots, and it is also an important experience accumulated by our party over a long period. The very purpose of democratic consultation is to extensively collect everyone's opinion and elect the most qualified persons. However, the namelist of persons selected at present only represents the opinion of the provincial party committee, and the final decision should be made through democratic election. On behalf of the provincial party committee, Comrade Zhang Jingfu gave a brief report on how the candidates were selected by the provincial party committee at the meeting and listened to everyone's opinion.

Comrade Gu Zhuoxin said: Every comrade and friend attending this morning's consultative meeting is an influential figure with penetrating judgment from all fronts of work in our province. We have long harbored the desire to maintain extensive contacts with everyone and listen to your opinions. Because most of the time we are pressed by our work and have little time to conduct heart-to-heart talks with everyone, we, therefore would like to listen to your criticism more often. I also would like to ask everyone here to make use of today's meeting to air your opinions freely. It is our hope that you would provide us with more of your valuable opinions about the persons selected by the provincial party committee.

Speeches were delivered at the meeting by many members of democratic parties and non-parties and nonpartisan patriots, including (Ma Leting), (Tang Leshang), (Sun Youqiao), (Wang Shiliang), (Yang Jike), (Wu Dongru), (Guang Yuanhong), (Chang Xiufeng), (Liu Meijin), (Duan Youyun), (Wu Wanguo), (Liu Jingfu), (Wang Denong), (Chen Qianren), (Zhao Minshi), (Guo Linfu), (Chen Shenghong), and (Rong Guanghong). They unanimously pointed out that the consultation meeting called by the provincial party committee fully manifests the spirit of socialist democracy as well as the mutual trust between the Communist Party and other democratic parties, and that they were very impressed by this meeting. They expressed satisfaction over the additional personnel selected for the Standing Committee of the provincial People's Congress, the provincial People's Government and the provincial CPPCC Committee by the Anhui provincial party committee. They pointed out in their speeches that the provincial party committee has demonstrated its respect and faith in democratic party members and nonpartisan patriots by inviting us to discuss together the question of personnel readjustment of leading organs. They unanimously pledged to make still greater contributions to Anhui's modernization drive with the remaining years of their life under the leadership of the Anhui provincial CCP Committee.

JIANGXI PEOPLE'S CONGRESS COMMITTEE MEETING ENDS

HK260631 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Feb 81

[Summary] The sixth meeting of the Fifth Jiangxi Provincial People's Congress Standing Committee concluded on 24 February after 7 days in session. The participants seriously studied the documents of the Central and provincial CCP Committee work conferences and listened to a report by Wang Shixian on economic readjustment, a report by Governor Bai Dongcai on his foreign journey, and work reports by (Zheng Xin), director of the provincial price bureau, and (Yang Xilin) deputy director of the provincial public security department. The meeting unanimously adopted a decision on convening the third session of the fifth provincial People's Congress and a resolution on the provincial government's report on the province's economic readjustment.

Yang Shangkui, chairman of the provincial People's Congress Standing Committee, presided at the 24 February session. Also present were Vice Chairmen Liu Junxiu, Luo Mengwen, Zhang Yuqing, Ye Changgong, Gu Jiguang, and Xie Xianghuang.

The meeting decided that the third session of the fifth provincial People's Congress will be convened at the end of March or the beginning of April.

WEN HUI BAO DISCUSSES KEEPING OF TECHNICAL SECRETS

HK261428 Shanghai WEN HUI BAO in Chinese 11 Feb 81 p 1

["Work Research" by Xu Guoquan (1776 0948 2938): "How To View the Keeping of Technical Secrets"]

[Text] How should we view the keeping of technical secrets and what are its merits and demerits in our developing the four modernizations constitute a question which we should study.

At present, there is the phenomenon of the keeping of technical secrets in the course of technical exchanges and cooperation in Shanghai's industry, science and technology systems. The emergence of such a phenomenon is actually an objective reality independent of man's will. To protect socialist competition, we should allow the keeping of technical secrets. The first reason is that since the socialist economy is still a commodity economy with commodity production and exchanges, there will naturally be competition. Since there is competition, it will necessitate the keeping of technical secrets. A recognition of the right of enterprises to protect their new techniques is a necessary condition for developing and protecting socialist competition. If we still maintain the situation of "eating out of the same pot" in technical development, it will only encourage those laggards who sit idle and enjoy the fruits of others' work and will be detrimental to the development of science and technology and the four modernizations. The second reason is that since science and technology is a kind of mental wealth and is something of value created through complicated mental efforts, so in a socialist society in which there is still commodity production, it can only be exchanged at equal value and must not be distributed through "egalitarianism and indiscriminate transfer of resources." In the past, because of the influence of the leftist ideological trend, people often held that the material wealth created through physical efforts is valuable while the mental wealth created through mental efforts is valueless. Therefore, people have found it difficult and were uneasy in asking a certain enterprise for a grinding file, but have felt at ease and justified in requesting a computer program--despite the vast difference in value between the two. This kind of erroneous concept of value must be changed. The third reason is that the keeping of technical secrets under a certain definite condition is favorable to the popularization of scientific and technical achievements. [paragraph continues]

What we mean by "a certain definite condition" is that the technical achievements may be transferred with a charge. Under the situation of "eating out of the same pot," the units which turn out technical achievements bear no economic or technical responsibilities for whether or not the technical achievements can actually be put into production. As a result of that, it does not matter at all to them that the technical achievements for a long time remain at the stage of "exhibits, presents and samples." On the other hand, since the technical achievements are acquired without incurring any effort or charge, the units which apply these technical achievements are not concerned about success or failure of their applications. With the practice of the system of transfer of technical achievements with a charge, a sense of responsibility of the parties involved has been increased and the course of changing "potential productive forces" into direct productive forces has been greatly quickened. This point has been fully demonstrated by the fact that because of the practice of the system of transfer of technical achievements with a charge, more than 70 percent of the technical achievements scored by Shanghai's five research institutes which have carried out pilot projects in expanding their decisionmaking power have been publicized and successfully applied.

Some comrades worry that permitting the keeping of technical secrets will result in duplication of low-level research work by different departments and units as well as a waste in manpower, materials and capital. This may occur at the initial period of permitting the keeping of technical secrets because many corresponding work efforts and the necessary system have not yet caught up. However, with work development, this problem will be solved. For example, we may strengthen the work of scientific and technical information, establish patent bureaus to print and distribute patent bulletins and encourage academic journals to strengthen academic exchanges. In addition, after our reform of the economic system, people should all settle economic accounts. When people can purchase the technology they need at a comparatively low price, they certainly would not spend any more money to repeat the research done by others. At the same time, to get the benefits through a transfer of technical achievements, those units which have innovated new techniques will actively publicize them. Of course, in case a certain enterprise attempts to monopolize a certain technology, then the state authorities must interfere. As a matter of fact, because of the keeping of secrets in the course of development of a certain technical research, a situation may arise that several units adopt different research programs and technical approaches in the study of a same subject. However, there is really nothing bad about this since it enhances the development of science and technology. On the contrary, it is beneficial to our future comparison, appraisal and selection of the best programs.

Of course, there is also the other facet of the keeping of technical secrets which is unfavorable to the development of science and technology. We can actually say that without exchanges in science and technology, there will be no development in science and technology. Therefore, we must formulate a set of measures which will both allow the keeping of secrets and at the same time dispel the keeping of secrets. Our specific suggestions are: 1) Practice the patent system as quickly as possible. Because of the rapid developments in science and technology, the service life of technology has become shorter and shorter while the investment in them has become larger and larger. Only by giving compensation and material benefits to those enterprises and individuals who create inventions and make technical innovations is it possible to encourage people to develop inventions and technical innovations. Once the patent rights are granted, the units concerned must disclose the information about their new technical achievements to facilitate technical exchanges. [paragraph continues]

2) Practice the system of transfer of technical achievements with a charge and, at the same time, formulate the necessary policies, laws and regulations for this system. The currently existing problems that some units have charged too high for a transfer of technology and that there are no arbitrators to settle disputes that must be solved. At the same time, we must amend certain previously promulgated regulations that conflict with the transfer of technology, such as the "regulations for the rewards of inventions." 3) Strengthen the work of rewarding achievements in technical innovation, meting out rewards and publicizing the achievements in a timely way. A definite compensation must be paid to those units concerned when their technical achievements are adopted. 4) Reform the method of appraising scientific and technical achievements. At present, we have the method of holding appraisal meetings at different levels to appraise technical achievements and technical information is disclosed during the appraisal process. This is obviously in contradiction with the practice of protecting competition and allowing the keeping of technical secrets. We hereby suggest that the power to appraise technical achievements should be delegated to enterprises, research institutes and institutes of higher learning. However, we should at the same time organize specialized testing and measuring organs to cooperate and participate in the testing, measurement and appraisal of technical achievements. 5) Improve the work of technical exchanges and technical coordination and cooperation. In conducting technical activities we should implement the principle of mutual benefits and avoid the egalitarian transfer of technology. Records should be kept regarding regular and official academic exchanges so as to protect the patent rights of those who participate in the technical exchanges. Rewards should be given to people who have participated in and made contributions to technical exchanges and technical coordination and cooperation. These should also be seriously taken into consideration during evaluation for promotion.

Finally, it should be pointed out that while we emphasize that technology is something of value and should not be distributed through egalitarian transfer, we must also emphasize that it is necessary to strengthen ideological and political work. We should pay attention to both mutual economic benefits and mutual assistance in work style. We should pay attention to both socialist competition and socialist cooperation. At the same time, we should also advocate scientific morality and business morality and refrain from adopting dishonest practices.

SHANGHAI HOLDS MEETING ON COMMODITY PRICES, HOUSING

GW261615 Shanghai City Service in Mandarin 1130 GMT 26 Feb 81

[Text] The Standing Committee of the Shanghai Municipal People's Congress held its 11th session today. The meeting heard a report by Vice Mayor Pai Xianhai on commodity prices and commodity supply during the spring festival and a report by Vice Mayor Yang Di on housing construction. After discussions, the Standing Committee members endorsed the reports. The meeting also appointed procurators to the Shanghai Municipal People's Procuratorate and to the branch procuratorate of the municipal People's Procuratorate.

Zhong Min, vice chairman of the municipal People's Congress Standing Committee, presided over today's meeting. Vice Chairmen Zhang Chengzong, Wang Tao, Wu Rucan and Li Peinan attended the meeting. Responsible persons of the municipal government and concerned departments were present as observers.

Vice Mayor's Report

GW261635 Shanghai City Service in Mandarin 1130 GMT 26 Feb 81

[Text] At today's 11th session of the municipal People's Congress Standing Committee, Vice Mayor Yang Di delivered a report on last year's housing construction and on preliminary arrangements for this year.

Vice Mayor Yang Di said: Last year the city completed and made available to consumers a total of 3,043,200 square meters of floorspace of newly-built houses, or 40.9 percent more than in 1979. Among them, residential houses built under a unified plan increased by 29.2 percent, and residential houses built by private funds increased by 53.6 percent. Through rational distribution of the newly-built houses, the housing problems of more than 17,700 poor households and households of elderly people have been solved. In addition, the housing and land department also provided service for exchanging houses and helped solve housing problems for more than 1,313,400 households of the city dwellers. At the same time, the housing conditions of more than 10,000 households have been improved.

Dwelling on preliminary arrangements for housing construction in 1981, Vice Mayor Yang Di said: According to the requirements of readjustment, Shanghai's housing construction this year will not fall below last year's construction plan. The various city districts plan to complete and make available to consumers 2.5 million square meters of floorspace of residential houses. Vice Mayor Yang Di continued: To accelerate and improve housing construction, it is necessary to draw up an overall and long-term plan for gradual implementation, fully utilize the role of the districts and give assistance to various units in building houses. It is also necessary to encourage and support city dwellers in building and renovating private houses and to gradually commercialize housing construction [zhu shai shang pin hua 0145 1341 0794 0756 0535]. Attention must also be paid to improving supplementary projects of public facilities and making the best economic use of land.

BRIEFS

ANHUI INDUSTRIAL SURVEY--As of the end of 1981, Anhui had completed a general survey and registration of industrial enterprises in the province. According to the survey, there are 24,541 industrial enterprises in the province, excluding those of the national defense industry. Eleven percent are enterprises owned by the whole people, and 89 percent by collectives. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 16 Feb 81 OW]

JIANGSU COMMUNE-RUN INDUSTRIES--In 1980, industrial enterprises run by communes and production brigades in Jiangsu registered a total output value of over 10 billion yuan, an increase of more than 40 percent over 1979. The total output value for such industries in 28 counties and in the suburban areas of 4 cities exceeded 100 million yuan. In 1980, these enterprises paid over 500 million yuan of taxes to the state and 1.5 million yuan of wages to commune members who worked in these industries. They also made a net profit of 1.5 billion yuan from which they used 300 million yuan in support of agriculture and 200 million yuan for income distribution in the various communes and brigades. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 16 Feb 81 OW]

SHANGHAI COOPERATIVES--As of the spring festival this year, 976 cooperatives responsible for their own profits or losses had been set up in Shanghai. These cooperatives employ a total of over 12,600 people including more than 9,400 educated young people. [Shanghai City Service in Mandarin 2300 GMT 15 Feb 81 OW]

SHANGHAI TEXTILE INDUSTRY--The Discipline Inspection Committee of the Shanghai Textile Industry Bureau recently issued a circular banning cadres and workers who are CCP members from taking part in authorized activities for private interest. This includes going to other places without authorization to take part in machine repair or installation, give technical guidance, and sell or transport production equipment, tools and other supplies. [Shanghai City Service in Mandarin 2300 GMT 12 Feb 81 OW]

GUANGDONG PROMOTES INDUSTRIAL READJUSTMENT

HK260558 Guangzhou Guangdong Provincial Service in Mandarin 2345 CNT 25 Feb 81

[Text] In the process of readjusting the industrial front, Guangdong is implementing the principle of closing and halting fewer enterprises and amalgamating more and shifting enterprises to other production. This has spurred the smooth progress of readjustment and enlivened a number of enterprises.

Guangdong has many medium and small enterprises and its light industry is relatively developed. Its light industry raw material resources are relatively rich, and its conditions for economic dealings with the outside world relatively good. All these things are beneficial for enlivening production and the enterprises. In view of this, the province's industrial leadership departments have decided that while resolutely closing or halting those small iron and steel, chemical fertilizer, ferrous metals and machinery plants that engage in duplicate production, compete for raw materials with large factories, are unable to sell their products, and whose input consumption is high and losses great, the stress should be on shifting the majority of enterprises that do not have enough to do to other production. This will benefit stability and unity provide jobs and ensure future development.

In the past 2 years the province has closed, halted, amalgamated or shifted to other production a total of 617 enterprises, of which 465--over 75 percent--have been amalgamated or shifted to other production.

GUANGDONG LEADER BETS OUT PROVINCE'S TASKS

HK260557 Guangzhou Guangdong Provincial Service in Mandarin 2345 CNT 25 Feb 81

[Excerpts] In his government work report delivered to the third session of the fifth provincial People's Congress on 24 February, Vice Governor Liu Tianfu said: We must put stabilizing prices in a prominent position in government work this year. He said: To stabilize prices, apart from vigorously increasing production and supply of agricultural and sideline products, light industry and textile products, and daily consumer goods in short supply, we must currently strictly implement the State Council's circular on controlling prices and straightening out negotiated prices, and get a firm grasp of the following measures:

1. Resolutely stabilize the prices of basic daily necessities that account for about 70 percent of residents' consumption expenditures. These prices must not be allowed to rise.
2. Seriously straighten out the work of buying and selling at negotiated prices and strengthen guidance and control over negotiated-price commodities. No industrial or commercial enterprise may apply the erroneous method of arbitrary or disguised price hikes to increase its own profits or bonus payments.
3. Strengthen industrial and commercial controls and price controls. We must formulate specific methods for supervising prices and commodity quality, set up a mass price inspection and supervision organization and put it on a sound basis, and promptly correct actions that harm the masses' interests.
4. Strengthen monetary controls and control currency circulation. While cutting capital construction and economizing administrative expenditures, other provinces purchasing commodities in Guangdong should as far as possible adopt the method of cross-exchange of materials, to iron out surpluses and deficiencies. Within the province, all units and departments must strictly control the purchasing power of social groupings and economize nonproductive expenditures.

5. In using local foreign exchange, we must give priority to materials for agricultural production and to the light industry markets. We should import more light industry raw material and commodities needed in the markets from abroad, or from other provinces in cross-exchanges, to meet the needs of developing the province's industrial and agricultural production and satisfy market needs.

6. We must continue to reduce commercial and foreign trade stockpiles, in order to supply the markets and take currency out of circulation. Materials and other departments must continue to put some steel, cement, glass and timber on the market to supply the masses' needs for repairing and building houses. We must also actively organize the withdrawal of all kinds of noncommodity currency from circulation.

Liu Tianfu said in his government work report: We must do a good job in urban construction. We must combine environmental protection with economic construction and include it in the national economic plan.

Vice Governor Liu Tianfu demanded in his report that leaders and departments concerned at all levels vigorously publicize the importance of building a high degree of socialist spiritual civilization. He said: The 10 years of sabotage done by Lin Biao and the gang of four caused a decline in social moral standards and ruined the social mood. The wounds have not yet healed. In addition, we are instituting a policy of opening up to the outside world. In the process of importing advanced technology from capitalist countries, we will be infected with the corrupt ideology and ways of life of the bourgeoisie. The more we open up to the outside world, the more must we pay attention to strengthening education in communist ideology and criticize all kinds of erroneous ideas and sinister trends. We must constantly enhance the socialist and communist awareness of the cadres and masses and heighten their confidence in the cause of socialist modernization.

ZHENGZHOU YOUTH URGED TO LOVE MOTHERLAND

OW271134 Beijing XINHUA Domestic Service in Chinese 0737 GMT 27 Feb 81

[Excerpts] Zhengzhou, 27 Feb (XINHUA)--Since the second half of 1980, the Zhengzhou Municipal CCP Committee has carried out a widespread and deepgoing education in loving the motherland and the party among young people. The education has enhanced the youth's confidence in socialism and firmed their determination to persistently take the socialist road.

In the course of carrying out education in loving the motherland and the party, Zhengzhou Municipality with the help of the CYL organizations in the city has investigated the ideological situation of youth in factories, government offices, stores and schools. The investigation shows that the 10 years of calamities caused serious wounds in the minds of the youth, that we must teach the youth a makeup ideological lesson on the superiority of socialism to give them confidence in party leadership and in successfully building the motherland into a powerful socialist country.

As a result of the education in loving the motherland and the party, more and more young people in Zhengzhou Municipality have become persons who love to study, observe discipline, show concern for the collectives, work hard and love their jobs. In 14 affiliated units under the Erligang neighborhood production and service cooperative in Zhengzhou, there are 50 youth who once took wrong steps in life, as a result of the education, 25 of them have recently been rated as advanced producers.

HUBEI GOVERNOR REPORTS TO PEOPLE'S CONGRESS

On 1980 Work Conditions

HK260257 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 24 Feb 81

[Excerpts] The Hubei Provincial Governor delivered a government work report at the third session of the fifth provincial People's Congress on the morning of 23 February.

The report was in three parts: 1) work conditions in 1980; 2) work principles and the tasks and measures for economic readjustment in 1981; 3) strengthen government work under party leadership, and further consolidate and develop the political situation of stability and unity. The session began group discussions on this report in the afternoon of 23 February.

Reviewing the state of work in 1980, Governor Han Ningfu said: This was a year in which we continued to progress under the guidance of the spirit of the 3d plenary session of the 11th Central Committee. Last year the province's rural areas suffered particularly great natural disasters. The floods last year were only exceeded by those of 1954. However, the party, government, army and people throughout the province united as one and persistently waged heroic and stubborn struggle against the floods. A floodfighting army of 3 million battled day and night to guard the embankments. They retrieved the situation in over 1,700 rather dangerous spots. At the same time the agricultural capital construction carried out over many years demonstrated its usefulness and effectively reduced the losses. Although output of grain, cotton and oil crops was respectively 16.9, 29.3 and 35 percent below the 1979 levels, total agricultural output value was only down by about 13 percent. After the natural disasters last year, government at all levels extensively organized the people in the disaster areas to promote self-salvation through production, and also did everything possible to extend relief and assistance. The PLA stationed in the province provided great support, and helped to solve problems in fighting the disaster and in relief work.

Last year the average rural distribution level per person was 87 yuan. Although this was lower than in 1979, it was higher than in any other year. Peasants' savings deposits increased by 76 million yuan over 1979. Although there are still many difficulties in the disaster areas, the masses' livelihood there can be arranged properly, and the masses' thinking and social order are relatively stable. The situation is good throughout rural Hubei.

Reviewing economic readjustment work in Hubei last year, Governor Han Ningfu said: Last year the province integrated readjustment with increasing production and practicing economy, and continued to pay more attention to producing more products in short supply and to gradually improving living standards. The proportional relationships in the national economy started to develop in a direction of relative harmony. Total capital construction investment was 1.2 percent below the 1979 level. Investment within the state budget was reduced by 22 percent. There was less investment in heavy industry and more in light industry, culture, education, public health, scientific research, and urban and housing construction. The reduction in agricultural investment was relatively small, and the proportion of agricultural investment in the whole of investment actually rose.

Within industry, the proportion between light and heavy industry continued to be readjusted. Total value of industrial output rose by 17.2 percent over 1979. The proportion of light and textile industries rose from 45 percent in 1979 to 48 percent. Quality continued to improve.

The province's financial revenue rose by 7 percent over 1979. Apart from the revenue handed over to the central authorities, the budget was balanced. There was a surplus of 130 million yuan in revenue at all levels. Income from foreign trade rose by 32 percent over 1979. Exports increased by 10.1 percent.

Last year the province scored 75 achievements in scientific research. The percentage of school-age children attending school was 96.7. Reforms were started in the structure of secondary education. The province has set up 192 professional secondary schools. There are now 37 institutes of higher education, with over 60,000 students. There are 24,000 television university students and 11,000 people are taking part in education by correspondence. The province has also set up 18 worker universities.

During the year the province found jobs for over 300,000 urban people awaiting employment. Housing construction completed was over 30 percent more than in 1979. The real incomes of the great majority of workers rose. Certain achievements were scored in stabilizing market prices.

Comrade Han Ningfu said: Although all fronts of the province scored very great success, there are many problems in our work.

First, there is the problem of readjusting the national economy. The scale of capital construction in Hubei is too great and the front is still overstretched. We have lost control over investment not included in the state budget, especially capital raised by units themselves. There is serious duplication and blindness in construction. In addition to stretching the capital construction front, this also causes shortages and waste of raw materials.

Second, there is the problem of emancipating the mind. On the one hand our minds are bound up by old experiences and conventions and cannot do better at discovering and promptly solving new problems. Our slowness in recognizing the importance of establishing the responsibility system of linking remuneration to output in the rural areas is an example of this. On the other hand, we have not done enough to strengthen leadership and control while emancipating the mind and enlivening the economy.

Third, there is the problem of work style. We still suffer from the disease of bureaucracy and do not make enough efforts in plunging into reality to conduct investigation and study. Some departments and cadres lack a strong sense of responsibility in their work, their work efficiency is low, and they lack a strong concept of the whole. This affects the pace of readjustment. Work style is not democratic enough. The system of collective leadership with division of responsibilities is not yet perfect. We have not done enough to bring into full play the functional role of every economic department. We have not done enough to take the initiative to listen to the views of government and economic departments on certain major issues.

On Tasks, Readjustment

HK260301 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 25 Feb 81

[Excerpts] In his government work report delivered to the Third Session of the Fifth Hubei Provincial People's Congress, Governor Han Ningfu spoke on the guiding principles for the province's work in 1981 and the tasks and measures for economic readjustment.

The report said: The general work of the government in 1981 is to mobilize the people of the province to work in concert to resolutely implement the principle of achieving further economic readjustment and political stability, as decided by the central work conference. In order to do well in economic readjustment work this year, the following aspects of government work must be grasped well: 1) Correctly understand the situation, be resolved to carry out further readjustment, and strengthen confidence in making a success of readjustment. 2) Take effective action to resolutely cut capital construction and administrative expenditures, strictly control prices, and stabilize the economic situation. 3) Do everything possible to promote industrial and agricultural production, get a good grasp of economic results, and ensure increased output and revenue. 4) Practice strict economy and oppose waste. 5) Strengthen centralization and unity and guidance by planning, while also paying attention to continuing to enliven the economy. We must truly succeed in controlling the economy without stifling it and making it lively without becoming chaotic.

On the question of correctly understanding the situation, Comrade Han Ningfu said: The central authorities' analysis of the nation's economic situation is extremely correct and also fully conforms to the situation in Hubei. We must realize that fundamentally speaking the potential dangers in the economy have been caused by leftist errors in economic work over a long period of time. The third plenary session started to discover this problem.

The recent central work conference systematically summed up the lessons of leftist errors in economic work over a long period of time. This ensures that the guiding ideology for our economic work shifts to the track of seeking truth from facts. This is a sober and healthy readjustment.

On taking effective action to stabilize the economic situation, Comrade Han Ningfu said: The first thing in carrying out further economic readjustment is to make a sufficient retreat in capital construction. We must summon up the greatest determination to further reduce the scale of social construction; this is the central task of economic readjustment this year. We must particularly stress that capital raised by units themselves must absolutely not exceed the targets. We must keep to the following principles in the investment orientation and specific arrangements for capital construction investment this year:

1. First solve the problem of expenditure for project and plant maintenance in halted and suspended projects, and ensure that these projects are truly handled properly.
2. Make arrangements for stepping up output of products in short supply urgently needed in the people's daily life, and also complete those projects that need little investment and produce good economic results and projects in culture and education and public health.
3. Selectively look after a number of mining, coal, and other key construction projects needed for maintaining simple reproduction.

The general intention is to start no new projects. Investment arrangements in the various trades and departments must be subordinate to unified readjustment. We must lay stress on a high degree of centralization and unity. We will certainly not allow everyone to go his own way.

Price stability is closely linked to the stability of the people's life and of the whole of society. We must get a vigorous grasp of price controls. We must pay particular attention to ensuring stable supplies and prices in vegetables, nonstaple foodstuffs and other basic consumption items in daily life in the urban areas. We must deal severely with lawbreaking activities in sabotaging price and market controls and carrying out speculation and smuggling. Such cases must be punished according to law.

The problem of finding jobs for people awaiting employment should mainly be solved by developing collective economy in the towns. We must take a serious and cautious approach in handling this matter. In further readjusting the economy, we must further control population growth. This year the province must strive to reduce the population growth rate to below 10 per 1,000.

Comrade Han Ningfu said: In doing everything possible to promote industrial and agricultural production, we must first promote agriculture. We must stress that grain holds first place in agricultural production. However this certainly does not mean that we should not develop industrial crops and still less that we should squeeze them aside. We must fully affirm the achievements in readjustment in the previous 2 years, but there must now be no further reductions in the grain areas. In the future we must take further advantage of Hubei's superior features of possessing plenty of mountains and water and promote the all-round development of forestry, animal husbandry, sideline occupations and fisheries. This year we must devote particular efforts to promoting pig production. At present there is serious waste of farmland by industry, communications, rural house construction and so on. We must resolutely put a stop to this and correct it.

Industrial production is the main source of market commodities and financial revenue. We must further promote readjustment within industry. First, we must further develop the light and textile industries and strive to ensure that their proportion outweighs that of heavy industry. Second, we must tap the production potentials of existing enterprises and do well in straightening them out, tapping potentials and carrying out innovations and improvements.

Third, we must readjust product and enterprise structures to meet the demands of producing good-quality products at reasonable prices that meet market needs. Fourth, we must strive to expand output of products for export.

We must vigorously promote supplies of power, fuel and raw material. We must promote production of agricultural, sideline and indigenous products needed by industry.

Han Ningfu's report said: To practice strict economy and oppose waste is our party's fine tradition and an important principle in socialist economic work. It has always been an important experience in overcoming economic difficulties. Government at all levels and all departments and units must draw up specific plans for this work and carry them out properly.

Han Ningfu's report said: To further promote readjustment and stabilize the economy, we must stress strengthening centralization and unity, guidance by planning, and the necessary administrative intervention. This represents the overall situation. We must take care of the interests of the localities, departments and enterprises, and must not neglect them. However these interests must be subordinate to the interests of the whole and to the overall situation.

While laying stress on the necessary centralization and unity, we must continue to implement the effective policies and measures for enlivening the economy. We must certainly now blow away all the policies and achievements in enlivening the economy in the past 2 years and again stifle to death the urban and rural economy that has just started to liven up.

Under the premise of promoting economic readjustment and developing industrial and agricultural production, we should pay attention to improving the people's living standards by following the principle of acting according to our capability.

On Party Leadership

NK270316 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 26 Feb 81

[Excerpts] In his work report at the third session of the fifth provincial People's Congress, Governor Han Ningfu stressed: Whether the political situation of stability and unity is continually consolidated or encounters sabotage is the key to the success or failure of the current economic readjustment. Under party leadership, government at all levels must strengthen government work, ideological and political work, and the people's democratic dictatorship, and further consolidate and develop the political situation of stability and unity.

We must realize that our country is now at a turning point in its history. In the face of the many new situations and problems, and amid readjustment and reform in various aspects, there are indeed many problems in the ideological understanding of the cadres and masses. These problems are all side-issues at present, however we must attach a high degree of importance to them and seriously solve them. We must not adopt a laissez-faire approach. We must uphold the four basic principles and vigorously step up ideological and political work. If we allow erroneous ideas to run rampant, they will cause social instability, which will not benefit the smooth progress of economic readjustment and the modernization drive.

Government and departments at all levels must pay particular attention to handling well people's letters and visits and the troublemaking stirred up by a few people. We must investigate and analyze in a truth-seeking way the problems put forward in the masses' letters and visits. We must hurry to solve reasonable demands that can be solved. Where it is at present impossible to solve the problems, we must explain things to the masses. We must deal severely with people who create unreasonable uproar and refuse to mend their ways despite repeated admonition.

We must also strengthen the people's democratic dictatorship and the socialist legal system in order to preserve stability, unity and social order. We must deal resolute blows at and disintegrate all forces that sabotage stability and unity, including the remnant forces of the Lin Biao and Jiang Qing counterrevolutionary cliques, and strike at and curb all kinds of criminal and lawbreaking activities. We must operate within the law in waging struggle against antiparty and antisocialist forces and all kinds of criminals and lawbreakers. All cadres and policemen must act according to the Constitution, the law and the various decrees.

Han Ningfu pointed out in his report: We must strengthen and improve government work in order to fulfill this year's heavy and arduous work tasks. Han Ningfu put forward a number of demands in this respect:

1. It is necessary to strengthen the concept of the overall situation among the government and its work personnel at all levels. They must subordinate the partial to the whole, overcome the mentality of departmentalism, and spontaneously implement and uphold the central demand on strengthening centralization and unity.
2. It is necessary to bring into better play the role of government at all levels under party leadership. We must seriously implement the party's line, principles and policies. We must seek instructions from and make reports to the party committees regarding major issues of principle. At the same time we must display the spirit of initiative with regard to work in the scope of our administration and handle it independently and responsibly. We should not push everything onto the party committees.
3. Put the system of collective leadership with division of responsibility on a sounder basis.
4. Launch studies in the socialist economy, and gradually establish economic forecasting. Lack of scientific research and analysis has long been a main cause of our errors in economic work.
5. We must overcome bureaucratism and improve our work style and methods and enhance work efficiency. At present we must lay stress on three points. First, we must heighten our sense of responsibility in work, set up work responsibility systems and put them on a sound basis, and strictly observe work discipline. Second, we must listen to the masses' views, care for their woes, and resolutely oppose all unhealthy trends such as pursuing privileges and taking the back door. It is forbidden to suppress criticisms and retaliate against them. Third, we must dare to criticize and struggle against unhealthy trends and violations of law and discipline, taking action when necessary.
6. Strengthen investigation and study to promptly find out the new situations and problems in economic readjustment and political stability.
7. Strengthen the building of the cadre force in the government organs.
8. Under the leadership of the provincial CCP Committee and the party committees at all levels, we must strengthen the unity of people of all nationalities in the provinces, army-people unity, and consultation and cooperation with democratic parties and figures of all circles.

BRIEFS

HUBEI DIKE REPAIR--Wuhan, 26 Feb (XINHUA)--Since the beginning of the winter Hubei Province has mobilized 500,000 people to repair dikes and another 120,000 to repair reservoirs. Now 80 percent of the dikes along the Changjiang and Hansui rivers which had been damaged by floods last year have been repaired. Some 137,000 mu of farmland damaged by floods have also been repaired. [Beijing XINHUA Domestic Service in Chinese 0157 GMT 26 Feb 81 OW]

HUNAN GRAIN PRODUCTION--Changsha, 26 Feb (XINHUA)--This year Hunan Province has planted some 7 million mu of rape and 6 million mu of grain. [Beijing XINHUA Domestic Service in Chinese 0246 GMT 26 Feb 81 OW]

GUIZHOU GOVERNOR REPORTS TO PEOPLE'S CONGRESSOn Readjustment

HK270032 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 24 Feb 81

[Text] When Governor Su Gang delivered his government work report at the third session of the fifth provincial People's Congress, he seriously summed up the experiences and lesson in national economic construction by adopting the spirit of self-criticism. He listed the errors in leadership work and the influence of erroneous leftism, and sincerely asked the representatives to give their criticisms and suggestions on government work so as to work in concert and better fulfill the task of national economic readjustment.

Governor Su Gang said: Generally speaking, to readjust the national economy is to rectify our ideological line so that the policy, principle, plans and measures of economic construction will conform to the actual situation in Guizhou. While we are carrying out readjustment, we must allow advance as well as retreat. Projects that should retreat must undergo sufficient retreat, and we must promote projects that should be advanced. Comrade Su Gang stressed in his government work report: We must attach importance to building socialist spiritual civilization and strengthening political and ideological work. At present, we must devote major energy to teaching the people the profound ideal of and faith in socialism and communism, so that they can understand the advantages of socialism, boost their spirits and work hard.

Comrade Su Gang pointed out in his government work report: In the course of readjusting the national economy, we must strictly control prices and strengthen market controls to ensure that commodity prices are basically stable, resolutely stop prices from soaring, and maintain the commodity price at the level stipulated by the State Council and the provincial People's Government. At present, we have to carry out action in the following five areas: 1) State-owned commerce and the supply and marketing cooperatives must price commodities as stipulated by the state. 2) Organize the masses to check prices. 3) Punish by economic law those who arbitrarily raise prices. 4) Industrial enterprises must not sell commodities themselves when the market is short of those commodities. 5) Resolutely fight against crimes such as collaboration inside and outside, bribery and corruption, bulk purchase of commodities, speculation, profiteering and smuggling.

On Relaxing Rural Policies

HK270151 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 25 Feb 81

[Text] In his government work report at the third session of the fifth provincial People's Congress, Governor Su Gang stressed: The provincial CCP Committee's stipulations on relaxing rural policies are correct and effective. We must persist in carrying them out and must not alter them without the permission of the masses and the approval of the leaders. Su Gang pointed out: The policy for developing agricultural production is: We must never relax efforts for increasing production of grain. We must grasp diversified economy, give priority to paddy rice production, grasp maize and soybean production, and attach importance to production of aquatic products and small miscellaneous grains. We must strengthen field management over summer crops, strive to increase the yield of the major industrial crops such as rape and tobacco, and improve their quality. We must pay attention to guarding against natural disasters, and better prepare ourselves to fight against disasters. We must apply the results of agricultural scientific research and the techniques for increasing production in accordance with the local situation. While stabilizing and perfecting production responsibility systems, we must seriously grasp forestry, develop forestry production, and protect the natural resources of forests. We must rectify and improve the management of commune and brigade enterprises, and do a good job in organizing and guiding the new joint undertakings in diversified economy. Mines run by the PLA must go through the procedures of registration and inspection so as to protect the mineral resources. We must strive to score better results in agriculture this year through arduous work.

BEIJING LAW SOCIETY HOLDS ANNUAL MEETING

OW262311 Beijing XINHUA in English 1554 GMT 26 Feb 81

[Text] Beijing, 26 Feb (XINHUA)--Zhang Youyu, noted jurist and vice-president of the Academy of Social Sciences of China, today stressed that the dictatorship of the proletariat, the socialist road, the leadership of the Communist Party and Marxism-Leninism-Mao Zedong Thought were the basic guarantee for judicial work in China. He proposed that these four basic principles should be laid down in full and precise terms in the form of law. He was speaking at the closing session of the first annual meeting of the Beijing Society of Law here this afternoon, which was attended by more than 1,000 judicial workers in the Chinese capital.

Every Chinese judicial worker should follow these principles in the study and practice of law, he said. This was the first such big gathering since the society of law was set up in 1980. The 53 papers read out at the three-day meeting covered a wide range of subjects concerning the economic law, criminal law, criminal procedure law, civil law and international law.

Chen Shouyi, president, reviewed the work of the society in the past year, which included three symposiums on legal system in China, giving suggestions on the municipal construction of the capital and lectures to spread knowledge of law. The society launched a bi-monthly THE LAW last July. It has a circulation of 50,000 at home and abroad.

HEBEI GOVERNOR STRESSES READJUSTMENT, STABILITY

HK270227 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 21 Feb 81

[Excerpts] Provincial CCP Committee Secretary and Governor Li Ershong made a speech at the provincial CCP Committee's conference of prefectural and municipal CCP Committee secretaries on 19 February. Participants in the meeting were greatly encouraged by this speech. They strengthened their confidence in promoting economic readjustment, stability and unity and boosting industrial production this year.

Comrade Li Ershong pointed out: The spirit of the central work conference is now being conveyed and implemented throughout the province. He pointed out: Although we face many many difficulties, we also have many favorable factors. So long as we boost our spirits, work in concert, seriously implement the series of important central instructions, criticize leftism in connection with reality, sum up experiences, carry forward good experiences, make full use of our tangible material conditions, and gradually do a good job in economic readjustment, it is completely possible to fulfill and exceed the production and revenue plans for the year. We must therefore boost our spirits to grasp our work and resolve to act as models. We must succeed in cutting capital construction, boosting production, increasing income, reducing expenditures, stabilizing prices, and enlivening the markets.

What is the current main problem hindering the progress, our advance? It is that our revolutionary drive is not strong enough. In addition we have erroneously interpreted previous central instructions; while handling contradictions among the people, we have been accustomed to raising things to the higher plane of principle, and criticizing, struggling against and thoroughly discrediting people. We have been unable to persist in the principle of going into things roughly rather than in great detail. We fell into the mire of entanglement in old accounts of history, unable to climb out.

Comrade Li Ershong stressed: The central authorities, the people, and the communist cause demand that we restore and promote the revolutionary spirit, seriously sabotaged by Lin Biao and the gang of four, of acting for the public without any thought of self, being open and aboveboard, fearing neither hardship nor death, and serving the revolution and the people wholeheartedly. We must recoup in the second half of this quarter the losses incurred in the first half, and work hard to fulfill more than half the year's task by the end of June and reverse our passive situation.

1. We must clarify our thinking and boost our spirits. Promoting economic readjustment and stability and unity constitute the overall situation. In order to implement this major principle, we must criticize leftism and sum up experiences and improve our work in connection with reality. We must study the new situations and solve the new problems. The task of regulation by market mechanism in this year's production tasks is greater than last year. We must actively find sales outlets. Both light and heavy industry must face this reality and do a good job in closing, halting or amalgamating enterprises or shifting them to other production. We must seriously grasp amalgamating and shifting them to other production while carrying out "close and halt" operations, promote specialized and socialized joint undertakings, improve quality and cut production costs.

Readjustment is a positive thing aimed at promoting production development; it is not negative. During the 10 years of turmoil, imbalances between tunnelling and extraction and all kinds of unfavorable factors occurred in the coal industry. As a result of several years of readjustment, we can now say that the imbalance between extraction and tunnelling in the key coal enterprises has been basically or mainly corrected. We must not blindly set any more high targets. However, we must base our efforts on reality and produce as much more coal as possible. An extra ton of coal is an extra contribution to the state.

Due to the serious sabotage done by Lin Biao and the gang of four, there is very grave waste of worktime in industrial production. We must strengthen the party's ideological and political work to enhance the workers' awareness. We must care for and improve the masses' life, keep close touch with them, and fully mobilize the enthusiasm of the worker masses.

2. Get a good grasp of two policies. We must grasp the cadre policy and do well in building the leadership groups to ensure that the cadres can lay down their burdens, emancipate their minds, set the machines in motion, seek truth from facts, study new situations and solve new problems. The correct cadre policy is to lay stress on education, except in cases of contradictions between the enemy and ourselves. We must deal with certain individuals who have made serious mistakes; this too is aimed at educating them. We should go roughly into historical problems and not delve into them in great detail.

The leadership groups must be stable. Except for a few that really must be readjusted, the groups should be allowed to work with ease of mind, and must be encouraged and supported to work with boldness. The current overall situation is to promote economic readjustment, stability and unity, and production. All those who strive to this effect are good, and all those who go in the opposite direction are wrong.

The other policy is that of having enterprises responsible for their own financial matters. Within the enterprises it is necessary to institute the principle of taking account of the interests of the state, the enterprise and the individual. Under this principle, the enterprises can adopt different methods according to their situation. Under this premise, they should strengthen economic accounting, explore new avenues, bring into play their initiative, and reach the aim of increasing production and income, expanding accumulation and improving wages and welfare.

3. Vigorously grasp specialized socialized production in joint undertakings. We must resolutely get rid of the leftist poison of small and complete and large and complete, and ensure that the enterprises organize socialized production in the form of specialized joint undertakings. Through running joint undertakings, we should organize production, supply and sales in a more stable way and do very well at integrating regulation by planning mechanism with regulation by market mechanism.

4. It is necessary to carry out capital construction in enterprise management in the process of readjustment. We must gradually establish management over planning, finances, labor and technology, and ensure that the enterprises have a sound economic accounting system.

Li Ershong pointed out in conclusion: We must strengthen leadership, boost our spirits, clear away interference and strive to fulfill more than half the year's task by the end of June. Leaders at all levels must truly devote their main efforts to promoting economic readjustment, production and revenue. They must go to the frontline to personally investigate matters, study the new situations and solve the new problems. They must compete with each other to make contributions in this struggle.

NEI MONGGOL PEOPLE'S CONGRESS COMMITTEE MEETING ENDS

HK270642 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 26 Feb 81

[Text] According to our reporter (Wu Xinmin), the 3-day seventh Standing Committee meeting of the fifth regional People's Congress successfully concluded on 25 February. Through conscientious discussion and examination, the meeting adopted the work report of the regional People's Congress Standing Committee and the decision on enforcing the law of criminal procedure in remote border banners with bad transport facilities. The meeting participants unanimously agreed to submit to the preparatory meeting of the third session of the fifth regional People's Congress for approval the recommended namelists of the presidium, secretary general, the members of the deputies' Credentials and Budget Committees and the draft agenda and schedule of the third session of the fifth regional People's Congress. The meeting participants expressed satisfaction with various preparations for the coming third session of the fifth regional People's Congress.

The 25 February meeting was presided over by Shen Xinfu, vice chairman of the regional People's Congress Standing Committee. Attending the meeting were Liu Chang, Zhang Rugang, Qi Junshan, Se-yin-ba-ya-er, E-qi-er-hu-ya-ke-tu and Zhang Rongshen, vice chairmen of the regional People's Congress Standing Committee. Also attending the meeting as observers were Li Wenjing, president of the regional Higher People's Court; Han Shijin, chief procurator of the regional People's Procuratorate; (Tian Jishong), deputy director of the regional Public Security Department and responsible comrades of the People's Congress Standing Committees of 57 municipalities, counties, banners and districts under the jurisdiction of municipal authorities.

TIANJIN RIBAO ON PROCLAIMING PROFOUND TRUTHS

HK260007 Tianjin City Service in Mandarin 2330 GMT 15 Feb 81

[Excerpts of 16 February Tianjin RIBAO commentator's article: "Proclaim Profound Truths With Perfect Assurance"]

[Text] Proclaiming profound truths is essential in propaganda, ideological and political work. At times, we talk about specific truths, at other times, profound truths. This is absolutely necessary and natural. However, at present some people pay lipservice to proclaiming truths, and treat profound truths as empty talk. Some cadres of the party propaganda departments and comrades responsible for ideological and political work also feel embarrassed and find difficulties in carrying out their duties. Such acts have negative influences on the party's propaganda, ideological and political work. Thus, it is necessary that we clarify some misunderstandings.

During recent years, we have attached importance to promoting seeking truth from facts, paying attention to reality and actual effects, and opposing words and deeds that are false, exaggerated and empty. It is necessary for us to do so and such acts are welcomed by the masses. The effects of this have been very good. However, some comrades turn to the other extreme: They describe reports, meetings, ideological work and studies of theories as empty talk. Without paying attention to their duties, they ignore and oppose all of them, they label anything concerning the truths as empty talk. Their attitude toward truth is indeed unscientific.

Profound truths are definitely not empty talk. What are profound truths then? Revolutionary profound truths are the summing up of revolutionary experiences; they provide guidelines to instruct people on how they should act. The Marxist-Leninist works are profound truths of the proletarian revolution. They are profound truths of fundamental importance, and are definitely not empty. Profound truths are the summing up of struggles, which can provide instructions for revolutionary acts. Today, we attach importance to upholding the four basic principles; these are profound truths that affect the future of our party and the state as well as the progress of the four modernizations. To build our spiritual civilization, we must make the people understand the truths behind upholding communist ideals, faith, morality and discipline. These truths are closely related to the actual situation and must not be neglected. If there are no revolutionary truths, how can we unify the ideology of the people and unite the revolutionary forces? Therefore, it is erroneous to consider all profound truths as empty talk. We must not think that proclaiming profound truths is useless; on the contrary, there will be no revolutionary movement if there is no revolutionary theory. Revolutionary theory is equivalent to revolutionary truths.

At present, we must further promote economic readjustment and political stability. This is the profound truth which everybody should observe now. If the people understand the reasons for doing this and strive to carry it out, they will be able to overcome the existing problems and strive for bigger triumphs. People who consider truth as empty talk are very often shortsighted and arbitrary. We must proclaim the truths when we are promoting ideological and political work. For example, at present, while we are publicizing upholding the four basic principles and building spiritual civilization, we must not deviate from proclaiming the truths. However, some comrades worry that proclaiming the truths is empty, and comrades responsible for propaganda work worry that people might criticize them for uttering empty talk. This phenomenon puts forward a question: If it is necessary for us to proclaim truths, however, how can achieve even better results? At present, many comrades are doing studies on this problem. They propose that we should act according to the actual situation and have a very clear idea of what we are aiming at. We must be friendly to each other and treat each other on equal terms. We must tell the truth, and never tell lies. We must try to imbue and educate people with good and lively thought and behavior. Some satisfactory results have now been achieved in this work.

We must learn to be good at providing counselling and summing up experiences, be always calm and have a thorough understanding of the truths, and try our best to adopt lively ways. In close connection with the actual situations, we can proclaim the truths with perfect assurance and in a convincing manner, and make them substantial and beneficial to our work.

At present, in order to implement with resolution the party's line, policies and principles laid down at the 3d plenary session of the 11th Central Committee and the spirit of the central work conference and accomplish further economic readjustment and political stability, we must devote major energies to strengthening propaganda, ideological and political work; a great deal of truth must be proclaimed. By means of ideological and political work, as well as propaganda work, we can unify various ideas under the party's line, policies and principles. This will help us to tackle problems by applying Marxist-Leninist viewpoints and methods, overcome the negative factors and bring the positive factors into full play, correctly handle the relations between the interests of the state, the collective and the individual, uphold the four basic principles centered on party leadership and oppose any words and deeds that violate the four principles.

We must be bold to disclose and criticize extreme individualists who grasp private interests at the expense of the public and who are materialistic, anarchists who ignore organizational discipline and commit all sorts of outrages and the trends of pursuing a corrupt and decadent bourgeois way of life. We must point out to the people the harm these things do to society. Proclaiming the truths is a form of essential ideological struggle, and we must not belittle the importance of it. The aim of proclaiming the truths is to educate the people with more revolutionary truths, help them to understand the cardinal questions of right and wrong, clarify confused ideas, raise their ideological standard and build a spiritual civilization. Under the leadership of the party, we must work together to boost our spirits, and work hard to build our motherland into a modern socialist country.

TIANJIN CCP COMMITTEE HOLDS PROPAGANDA CONFERENCE

GW270436 Beijing XINHUA Domestic Service in Chinese 0106 GMT 27 Feb 81

[Text] Tianjin, 27 Feb (XINHUA)--The Tianjin Municipal CCP Committee recently called a propaganda work conference which stressed that party organs at all levels in government offices, schools, factories and rural areas should pay great attention to work and livelihood for youths and energetically strengthen ideopolitical education among youths, particularly among young intellectuals. Participating comrades studied documents of the central work conference and analyzed youth affairs in the light of actual conditions in Tianjin. They held that the main aspect is good, that exemplary heroic deeds by youths continue to emerge. The ratio of backward youths has declined; some backward youths who have relatively progressed more quickly have become CYL members or been judged "new Long March shock workers" or advanced producers.

The conference held that to strengthen ideopolitical work among youths, it is necessary to show interest in them and help them solve all realistic problems that need to be solved urgently and can be solved. There are two outstanding matters that need to be solved at present. One is employment, the other is schooling. The conference called on all professions and trades throughout the city to open all avenues for employment energetically in order to solve employment problems facing jobless youths, and at the same time, to open all avenues for people to study by adopting every means of creating conditions for youths to study culture and technology. We should also publicize assuredly the four basic principles among youth and help them energetically foster communist ethics and the revolutionary spirit of "fearing neither hardship nor death" so that they will dedicate themselves to the cause of the four modernizations. To accomplish this task, the conference asked cadres who engage in political work to improve their work style and methods. They must implement the principle of giving guidance, carry out education by patient persuasion and convince others with reason. Efforts should be made to foster the system of control, to act in strict adherence to the system and give rewards and punishment accordingly and to wage struggle against a handful of criminals by applying the law as a weapon.

TIANJIN HOLDS BIRTH CONTROL COMMENDATION RALLY

8K270639 Tianjin City Service in Mandarin 0030 GMT 27 Feb 81

[Summary] The Tianjin People's Government held a commendation rally on 26 February to commend 199 collectives and 407 individuals who distinguished themselves in birth control in 1980. "Huang Zhigang, second secretary of the Tianjin Municipal CCP Committee; Hu Qili, secretary of the municipal CCP Committee and mayor; Liu Gang, secretary of the municipal CCP Committee and vice chairman of the municipal People's Congress Standing Committee; and Bai Hua, deputy mayor, presented banners and citations to the advanced collectives and individuals." Comrade Bai Hua addressed the rally. He said that the natural population growth rate of Tianjin in 1980 declined to 7.25 per thousand and that about 195,000 couples applied for one-child certificates. He hoped that in 1981 all residents would do a good job in controlling the population growth and make contributions to stabilizing the economy and accomplishing the four modernizations.

HEILONGJIANG TO OPEN PEOPLE'S CONGRESS 27 FEB

SK261259 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 26 Feb 81

[Text] The Third Session of the Fifth Heilongjiang Provincial People's Congress will convene on 27 February. A preparatory meeting was held at the theater of the provincial exhibition hall, Harbin, on the afternoon of 26 February. Comrade Zhao Dexun, chairman of the Standing Committee of the provincial People's Congress, presided over the meeting.

At today's preparatory meeting, participants unanimously adopted the namelists of the forthcoming congress session's presidium and secretaries general and the congress session's agenda. They also adopted the namelists of the Credentials Committee, the Motions Examination Committee and the Budget Examination Committee. Following the preparatory meeting, Comrade Bai Qing, chairman of the congress session's Credentials Committee, chaired a meeting of the Credentials Committee to discuss a report on examination of deputies' qualifications. The first presidium meeting of the third session of the fifth provincial People's Congress was also held this afternoon. It nominated a namelist for the congress session's permanent chairman and adopted namelists for panel executive chairmen, and deputy secretaries general, the congress's agenda and a report on the examination of the deputies' qualifications.

LIAONING'S GUO FENG DISCUSSES MILITIA BUILDING

SK270548 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 26 Feb 81

[Text] While hearing the work report of the provincial military district on 17 February, Guo Feng, first secretary; Chen Puru, Li Huang, Hu Yimin and Xu Shaofu, secretaries; and Zhu Chuan, Standing Committee member of the provincial CCP Committee, pointed out the necessity for strengthening the militia force in implementing the principle of readjusting the national economy.

A certain leading comrade of the provincial CCP Committee said: Successfully building up the militia force to strengthen the modernization of national defense is an important part of the four modernizations. In the course of implementing the principle of readjusting the national economy, the provincial CCP Committee should bring the building of the militia force into line with the national economic plans. Chairman Mao said: The CCP Committee should grasp military affairs. Our provincial CCP Committee should in particular discuss military affairs once or twice a year.

A leading comrade of the provincial CCP Committee pointed out: Strengthening education on national defense and enhancing fighting ideology in localities to integrate the economic construction with the strengthening of national defense is a combination of productive labor and militia duties. It is important to consolidate and reform the militia organizations. Our province should resolutely step up the building of the militia force in accordance with directives from higher authorities.

LIAONING CHEMICAL FERTILIZER OUTPUT DECLINE SEEN

SK270635 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 26 Feb 81

[Summary] "LIAONING RIBAO on 27 February published the speech of (Zhu Chuanmin), director of the provincial agricultural bureau, on answering a reporter's questions concerning the province's agricultural fertilizer situation in 1981. He said: Our province's 1981 chemical fertilizer output is supposed to decline markedly from 1980." It is necessary, therefore, to vigorously collect farm manure prior to the spring plowing period.

LIAONING'S LUDA MUNICIPALITY REDESIGNATED AS DALIAN

SK260622 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 25 Feb 81

[Text] The State Council recently approved a report by the Liaoning Provincial People's Government on changing Luda Municipality into Dalian Municipality. It agreed to redesignate Luda Municipality as Dalian Municipality.

GANSU ACTING FIRST SECRETARY ON CURRENT SITUATION

8E270612 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 26 Feb 81

[Text] According to GANSU RIBAO, Comrade Feng Jixin, acting first secretary of the provincial party committee, on 24 February delivered a report on the current situation and tasks for grassroots CYL cadres in the Lanzhou area. He urged CYL organizations at all levels to bring into full play their role as righthand men to the party, exert sincere efforts in intensifying ideological-political work among youths and guide the vast number of CYL members and youths to advance bravely along the course charted by the party. Comrade Feng Jixin said: CYL organizations have always been the most loyal righthand men to the party. CYL organizations at all levels must regard the party's central task as their own and strive to make a further success of the economic readjustment and bring about greater political stability. They should have a good grasp of ideological education as their central task and make vigorous efforts to promote ideological-political work among CYL members and youths. The general demands of their work are: educating the youths to uphold the socialist road, to uphold the people's democratic dictatorship, the dictatorship of the proletariat, party leadership and Marxism-Leninism-Mao Zedong Thought, to eliminate the pernicious influence of feudalism and to resist the corrosive influence of bourgeois ideology. They should persist in educating the youths with the principles of communism and promote in a clear-cut manner among the youths the ideals, discipline and morality of communism. They should promote the revolutionary stand and principles of communism, cultivate comradely relationships among people, acquire a revolutionary world outlook and oppose and criticize the tendencies of worshipping capitalism and advocating bourgeois liberalization. We should oppose and criticize the decadent, capitalist mentality of benefiting oneself at the expense of others and being intent on nothing but profits. We should oppose and criticize anarchism and ultraindividualism and guide the youths to become a generation of new, moral, knowledgeable and healthy people full of ideals.

Comrade Feng Jixin said: Young people have some features characteristic of their age, and we should apply a diversity of methods to make their ideological education a success. We must correct the mistake of mechanically conducting ideological education, paying no attention to education contents and ignoring their effects on the youths. We should always keep abreast of the pulse of their thinking, respect and trust them and discuss things with them on the basis of equality. We should be good at giving systematic guidance and at convincing them by reasoning. We should also combine ideological education with solving their practical problems and be concerned with their vital interests.

Comrade Feng Jixin also emphatically pointed out: CYL organizations should make sincere efforts to conduct successful work in transforming backward youths. The report meeting was sponsored by the provincial CYL Committee. Comrades attending the work conference of secretaries of prefectural and municipal CYL committees sat in on the meeting.

XINJIANG STUDIO PRODUCES FILMS FOR MINORITIES

GW260208 Beijing XINHUA in English 0159 GMT 26 Feb 81

[Text] Urumqi, 26 Feb (XINHUA)--The Tianshan (Heavenly Mountain) film studio in the Xinjiang Uygur Autonomous Region is planning to film its first movie in the Kazakh language, entitled "A Maiden's Tomb." The movie will describe a tragic story of the love between a young Kazakh couple in the days before China's liberation in 1949.

The author of the script, Alimjan Khatay, a Kazakh writer, intends the story to teach young people about the old society and encourage them to work hard for the future.

The Tianshan film studio, set up in 1958, makes feature films in minority languages and dub films in the Han language (the main Chinese language) and foreign language films into the Uygur and Kazakh languages for the dozen minority nationalities residing in the region. Twenty-four Han films as well as films from Yugoslavia, the U.S.A., India and Pakistan were dubbed last year.

NEW TRENDS IN PRC'S ECONOMIC COOPERATION NOTED

HK231448 Hong Kong TA KUNG PAO in Chinese 20 Feb 81 p 2

[Special feature by Beijing contributing correspondents Yung Shan [3057 3790] and Hsiao Chuang [2536 5445]: "New Trends in Economic Cooperation Between China and the Foreign Countries"--capitalized passages published in boldface]

[Text] When carrying out research in running joint venture enterprises with China, people should pay attention to the present and future situation of China's economy or in other words, the possibilities and needs of China's economy.

After more than 30 years of construction, new China has obtained a relatively complete industrial system and the basis for industrial technology. China has rich material resources and adequate labor supply. It has the qualifications for running cooperative ventures with foreign investors, developing production and speeding up economic prosperity. However, China is now facing economic problems since there is inadequate capital, backward technology and an insufficient supply of raw materials. These drawbacks hinder the overall economic development of China for the time being. And if China now vigorously promotes joint venture enterprises with foreign countries, it will have problems in capital circulation, raw materials and energy supplies, and communications and transportation. Under such circumstances, and particularly during the period of readjustment, it is necessary to give thought to how to bring into play Chinese superiority in labor and potential raw materials supplies if people want to cooperate with China in these aspects. People should try not to or promote fewer new capital construction projects and try to make use of the existing Chinese enterprises. Foreign businessmen should provide some key technological equipment to expand production and increase the variety of products. Thus, the possibilities for cooperation will be much greater, and it will be easier to get results in a short period of time.

BRING THE ADVANTAGES INTO PLAY TO OVERCOME THE SHORTCOMINGS, IMPROVE BASIC WEAK LINKS

In fact, the reason why China has decided to make use of foreign capital is that it wants to overcome shortcomings by using foreign capital to its advantage. It wants to make up for the basic weak economic links by strengthening its regenerating capacity. It is easier for China to accept the kind of cooperation through which the basic weak link in its agricultural production will be strengthened or, production of products other than what China can produce will be supplemented or new technology, new equipment and new management methods will be introduced into Chinese enterprises.

CONSIDER THE EXPORT CHANNEL OF PRODUCTS

When carrying out economic cooperation with China, foreigners should also see that in the current financial difficulties, there will be deficits involving foreign exchange. At the same time, although China has a large population and is a potentially big market, the present social purchasing power is still far from developed, and the Chinese market cannot accept an abrupt and abundant supply of commodities. Therefore, generally speaking, Chinese and foreign joint venture enterprises must not expect to sell all their products nor utilize foreign exchange within Chinese territory. Thus, it is necessary for the foreign partners to consider the export channel of products when they operate joint venture enterprises with China. It is better if they can work out a simultaneous balance of foreign exchange income and expenditure and enable the Chinese side to obtain foreign exchange income.

In light of the above views and in accordance with the demands of China's economic readjustment, we, the writers of this article, think that the following are the main aspects for cooperation between China and foreign countries:

STRESS DEVELOPMENT OF THE ENERGY INDUSTRY

1. In recent years, the world energy crisis has been hampering the economic development of developed countries and the increasing oil prices have created a lot of problems for industrial countries. To develop its industries, China certainly does not have to depend on expensive foreign energy supplies because there are rich resources of coal, oil and hydroelectrical power within the country and only a small portion of them has been exploited up to now. Thus, China will definitely stress cooperation in the exploitation of oil resources and coal, construction of hydroelectrical power stations and nuclear power plants and the technological reform of existing enterprises to reduce energy consumption.

2. China possesses a certain foundation in the materials industry and this is a major condition for the development of other industries. China still has to strive for further development in modern petrochemical materials, construction materials, packing materials and so on in order to meet the demands of the development of the entire industrial system.

TRANSPORTATION AND TOURISM

3. China possesses a certain standard in the productivity of light and textile industries and in its technological foundation. Places such as Shanghai and Tianjin and Jiangsu and Shandong Provinces have been doing particularly well in this aspect. However, it is now necessary to import new technology and produce new products to replace the old ones. It is also necessary to carry out technological reform and comprehensive utilization of raw materials in light and textile industries. Light and textile industries particularly need key development during the period of readjustment. Thus, there will be a lot of opportunities for Chinese and foreign cooperation in this aspect.

4. China has built an enormous industrial machinery system and has been vigorously developing its electronics industry in the past few years. Now, it is necessary to improve the quality of parts and components and raise the level of basic technical skills.

5. China's communications and transportation systems are noticeably weak and it is of uppermost importance to strengthen basic equipment of railways and ports. According to reports, China has signed agreements with various Japanese and Hong Kong firms on the reconstructing of piers and railways. A wide prospect of Chinese and foreign cooperation in this aspect is anticipated.

6. China has a well-known civilization dating back to antiquity. It also has beautiful scenery. Thus, it has the potential for developing tourism. There is still plenty of scope for Chinese and foreign cooperation in tourism in spite of a number of high-class hotels built by Chinese and foreign capital over the past 2 years. However, tourist facilities must not all be high-class and on a large scale. It is possible to integrate large, medium and small-scale ones and high-class and ordinary ones. It is also possible to have new construction and renovating of old buildings at the same time. The Dongfang guesthouse in Guangzhou Municipality is a successful example of renovation.

7. There is Chinese and foreign cooperation in agriculture, forestry, animal husbandry, fish breeding and fishing in the provinces and the municipalities along the Chinese coastline. However, no such efforts have been undertaken in the vast mainland. It is still necessary to comprehensively develop remote areas.

When China announced the "Law of Joint Ventures Using Chinese and Foreign Investment" in 1979, it aroused the interest of many people. Hundreds and thousands of businessmen came to China and met people of departments concerned in various areas and enterprises to discuss establishing Chinese and foreign joint enterprises. People from Hong Kong and Macao were particularly enthusiastic. [paragraph continues]

In addition to this, a lot of international organizations and friendly people were eager to introduce their experiences, provide information and do things for the benefit of China. It seems that China has obtained remarkable results in establishing joint ventures using Chinese and foreign investment. By the end of last year, China had already established nearly 40 joint enterprises with foreign businessmen inside and outside China and in Hong Kong and Macao, and there were more than 300 items being jointly produced. According to reports, the major types of items being jointly produced include machinery, light and textile products, clothing, electronics parts, quartz batteries, wines, rattan products and aquatic products. Tourism is also a major joint venture.

OVERALL INSPECTION OF JOINT VENTURE ENTERPRISES THIS YEAR

The Beijing Aircraft Catering Company is a relatively good example of joint venture enterprises. The business has been continually expanding in the 8 or 9 months since it was put into operation and its profits have increased every month. All foreign airlines which land in Beijing now order set meals from this catering company because its service has been remarkably improved. In addition to this, the foreign airlines are satisfied with the attitude and service of the staff of this company. They are working in harmony and accord with each other. It is heard that the Chinese Commission for Foreign Investment Management is at present actively working with other units concerned to find solutions to some of the company's managerial problems.

In short, to establish Chinese and foreign enterprises is still a new task for China. The joint enterprises established in the past have been carried out on a trial basis. According to well-informed sources in China, the Chinese Commission for Foreign Investment Management which is in charge of Chinese and foreign joint venture enterprises will make more efforts this year to carry out investigations on the joint enterprises established together with areas and departments concerned. This is, on the one hand, to help them overcome all difficulties, find solutions to problems and enable them to promote production and management; on the other hand, to sum up their situations and work procedures in order to provide reference for future joint venture enterprises.

LAW OF JOINT VENTURES USING CHINESE AND FOREIGN INVESTMENT HAS BEEN DRAFTED

China has successively announced laws concerning Chinese and foreign joint venture enterprises since last year. They include the profits taxation law and details of its implementation and labor management and registration laws. Some sources have revealed that the laws on cooperation, contracts, resources and oil have been drafted, and the details of implementation of the "Law of Joint Ventures Using Chinese and Foreign Investment" have been drafted by the Commission for Foreign Investment Management and the draft has been submitted to units concerned for studies and suggestions. It is expected that this commission will issue explicit stipulations and procedures on some specific issues of production and management such as bank credits, tariff duties, marketing channels and prices of raw materials and products inside the country, and import and export permits.

Certainly, China's economic methods are still imperfect. However, the Chinese authorities have repeatedly declared that all cooperation contracts officially approved by the Chinese Government will be protected by Chinese laws. If the articles of a contract are inconsistent with future laws, both sides can renegotiate and thus amend the contract or they can work in accordance with the original terms of the contract.

21 February Installment

HK241350 Hong Kong TA KUNG PAO in Chinese 21 Feb 81 p 2

[Special feature by Beijing contributing correspondents Yung Shan [3057 3790] and Hsiao Chuang [2556 5445]: "New Trends in the Development of China's Foreign Trade"--capitalized passages published in boldface]

[Text] In the readjustment of the national economy, people are concerned about the trend in the development of foreign trade. Foreign trade is an integral part of the national economy.

This article on foreign trade is a passage of the major essay on the national economy. In this perspective, it is not a question of whether China's foreign trade has "retreated enough" but one of further improvement and development. However, there will be changes in the import-export structure, commodities will be of better quality, the construction of bases for goods supply will be greatly improved and there will also be new methods in the direction of marketing.

CHANGES IN THE IMPORT-EXPORT STRUCTURE

To ensure the task of readjusting the national economy, there will be some changes in the structure of China's import and export trade.

An analysis of the condition of last year's imports and exports provides us with a glimpse of this year's trend. First, as a result of the greater increase in exports over imports last year, there has been a marked decrease in the unfavorable balance of trade. This year, for the sake of eliminating financial deficits, and that naturally includes reducing the adverse balance of foreign exchange, there will also be a further increase in exports over the increase in imports.

Second, there has been a very rapid increase in the import of such agricultural and market materials as food grain, animal and vegetable oils, cotton, chemical fibers, chemical fertilizer and chemical raw materials over last year. But the import of steel products, nonferrous metals and wood pulp has decreased. It is estimated that this tendency will also be maintained this year. Moreover, following the discontinuation of some big and impractical capital construction projects, it is unlikely that complete sets of equipment will be imported.

Third, regarding exports, it is anticipated that there will be a bigger increase in the export of mechanical and electrical instruments and products this year and the ratio of agricultural sideline products and light industrial and textile products exports will maintain the momentum of the decline already started last year. According to information supplied by high-ranking people in China, there will be a further reduction in the export of Chinese petroleum. To satisfy the needs of the domestic market, appropriate attention will also be paid to marketing commodities required by the domestic and foreign markets, and there will not be any major increase in exports. It may even have to stop or reduce the export of certain lines of unprofitable or low exchange-earning commodities.

To increase exports, China's foreign trade departments must also energetically develop "imports to maintain exports." This also means it must adopt various flexible forms of trade including such as importing materials for processing, exchanging assorted goods and accepting materials and samples for processing. China's light and textile industries and machine building industry must not unrealistically expand production capacity and they can only actively develop business on the basis of tapping potentials, ensuring energy supply and producing marketable and high exchange-earning products.

EXPORT PRODUCTS MUST BE OF BETTER QUALITY

Most of China's export commodities are "popular goods" of the medium and low grades, and this has affected their selling prices on the international market. This situation has changed in recent years, and a number of better quality high grade goods have now appeared in the supermarkets of various countries.

China's foreign trade departments have decided to improve the quality of their export products and score a success through quality. Purchases by foreign trade departments are based on quality, and better quality goods will get a better price. This has encouraged production departments to improve the quality of their products and develop medium and high grade products.

Enterprises producing export commodities are requested to establish quality standards for export commodities based on the general international standard and the demand of the international market. Any export commodity not up to standard will not be released by the production enterprises, purchased by the foreign trade departments or passed by the commodity inspection departments.

Moreover, to improve quality, it is necessary to improve packing and packaging and also solve the problem of transportation so that the goods will be delivered on schedule. Departments concerned in China are now also studying these two long-standing problems. For example, the privately operated foreign trade transportation allowed in various provinces and municipalities is an instance in this respect in the field of transportation.

In short, it is estimated that China's export commodities will continue to adhere to the policy of "small profits but quick return" and "following the market trend" in the future. But, because of the emphasis on better quality, the phenomenon of a flood of cheap products and superiority in numbers is not likely to appear again. This is the new trend people in economic and trade circles abroad must pay close attention to.

ENERGETICALLY DEVELOP FOREIGN TRADE BASES

In order to increase exports, there must be a steady supply of goods. China at present has a total of 22 composite export commodity bases. They are Foshan, Huizhou, Zhanjiang, Nanchang, Yangzhou, Xuzhou, Nantong, Yantai, Qingdao, Linyi, Changwei, Hefei, Jiangsu, Taizhou, Luda, Suzhou, Zhangjiakou, Nanyang, Yanbei, Xiangtan, Jingzhou and Turpan. These bases supply a higher proportion of commodities purchased within the whole country. Their aquatic products, vegetables, cured tobacco, firecrackers and fireworks, fresh water fish and cultured pearls accounted for almost half of the purchases of the whole country.

Even more important is the fact that some of these bases have cultivated and developed a number of mainstay commodities and traditional brand name products of a local character. For example, Foshan's fresh water fish, vegetables and rice are supplied directly to Hong Kong. There are also the cured tobacco and hand-made lace from Changwei, the watermelons and litchi from Huizhou, the pearls and whitebait from Suzhou and the silk and wool from Jiangsu.

According to the foreign trade departments, henceforth construction in the bases will not be limited to special agricultural sideline products. Whatever is deemed suitable for agriculture and industry will be developed in line with local conditions to give play to their superiority, and export commodities suitable to the needs of the international market will be energetically developed. At the same time, the state will also adopt a series of measures including the use of foreign exchange and yuan to support the economy and run the foreign trade bases better.

Management will also be strengthened over special factories and workshops producing export commodities. Workers in factories successfully fulfilling their assignments will receive economic benefits higher than similar enterprises according to their contributions. This is also one of the measures adopted by China in reforming the system of "everyone eating out of the same big pot of rice."

GOING OUT TO DO BUSINESS

According to reports, since last year, China's foreign trade corporations, apart from sending out resident representatives and trade teams, have also entered into joint ventures with local enterprises and set up some joint venture companies or stores abroad. Among them are:

The China National Textile Import and Export Corporation has set up the Huakang Company in partnership with the Yunghein Company of Hong Kong for the business of reexporting Chinese woolen sweaters; the (Teleana) [3676 0448 7093 6719] Company was set up in partnership with two Spanish companies for handling and marketing all kinds of Chinese silk fabrics, garments and manufactured goods in Spain; the China Textile Company was set up in partnership with the (Bogan) [0590 3927] Company of Kuwait; and the China Textile (U.S.) Company was set up in partnership with the (Xiaoya) [5153 0068] Company of the United States.

The China National Light Industrial Products Import and Export Corporation has set up a marketing center for Chinese light industrial products in partnership with the (Bogan) Company of Kuwait.

The China National Machinery and Equipment Import and Export Corporation has set up the Huashengchang Machinery Enterprise Limited in partnership with the Wu Pingchang Company Limited of Hong Kong for the business of reexporting machinery and equipment; and the China Machinery Company Limited set up in partnership with the (Kayisa) [0595 0122 5646] Company of Chile.

The China National Machinery Import and Export Corporation has set up the Haiying Company in partnership with the Yungku Company of Hong Kong for engaging in the business of supplying machinery and electronic parts and engage in shipping in such places as Europe, America and Japan.

The China National Arts and Crafts Import and Export Corporation has set up the China Jewelry Company Limited in partnership with a West German and U.S. firm.

Minerals and ores and native produce and animal byproducts corporations are also discussing the possibility of entering into partnerships with foreign businessmen.

The above trend explains that China's foreign trade departments are actively opening up overseas markets and selling their goods through various channels. This is also a practical step taken by the foreign trade departments in changing their image of "arm-chair businessmen."

23 February Installment

HK231240 Hong Kong TA KUNG PAO in Chinese 23 Feb 81 p 1

[Special feature by Beijing contributing correspondents Yung Shan [3057 3790] and Hsiao Chuang [2556 5445]: "Economic Readjustment and Foreign Trade Reform"--capitalized passages published in boldface]

[Text] FOREIGN TRADE MUST BE SUBORDINATED TO READJUSTMENT AND SHOULD BE REFORMED

The Chinese national economy is undergoing a great readjustment. How will this readjustment affect foreign trade? Should the reform of the foreign trade management system be continued? This is a problem of great concern to people in overseas economic and trade circles.

Readjustment is the core and the key link. Reform must be subordinated to readjustment and must be beneficial to readjustment, as well as to stabilizing the overall situation of the national economy. What we mean by reform, of course, includes reform of the foreign trade system. Thus, it can be expected that the foreign trade reform which was started in the second half of 1979 will be slowed down but the reform efforts will continue. Foreign trade reform is a complex matter. Extreme care must be taken. Impatience will not do.

Foreign trade is an important part of the national economy. The historically existing foreign trade monopoly played a positive role. However, this system also has the defects of being too rigid, of lack of flexibility in business dealings and of proneness to give rise to "bureaucratic" practices.

Since the smashing of the "gang of four," China has turned from a long-standing closed door policy to opening up to the outside world. Thus, defects in the foreign trade system have become more conspicuous. Reform was proposed against such a background.

Looking from the situation over the past 2 years, foreign trade reform has been able to achieve the following: first, the management rights of some export commodities were moved from the head office of foreign trade corporations to their local branch offices; second, various ministries and commissions of the central government, such as the First Ministry of Machine Building, the Sixth Ministry of Machine Building, the Ministry of Metallurgical Industry and the Academy of Sciences have set up 17 import and export companies and the channels for foreign trade have expanded; third, localities and central ministries, commissions and departments engaged in foreign trade can retain a portion of their foreign exchange incomes earned from exports; fourth, special policies and flexible measures have been implemented in the provinces of Guangdong and Fujian and experimental special economic zones have been established in Shenzhen, Zhuhai and Xiamen; fifth, pilot projects of combining industry with trade have been conducted.

THE PRACTICE OF CUTTING PRICES FOR COMPETITION MUST BE STOPPED

The above measures have indeed played a positive role in mobilizing the enthusiasm of various sectors and promoting the increase of export goods' sources. Thus, we must say that the results of the reform have been remarkable.

However, international trade operates by its own special laws. A rookie in this field is bound to commit mistakes and blunders. Another thing is that the foreign trade reform came too forcefully. Various provinces, municipalities and departments lost no time in scratching regulations which they previously had to follow. After management rights were decentralized for some export commodities, they were dispersed to many ports and exported through many channels, resulting in a lack of uniform prices. In addition, impatience to sell created the phenomenon of cutting prices for competition. In some places, the original marketing setup was even smashed and new channels were created. Therefore, for a time, distributors in Hong Kong were dissatisfied and constructive criticism was transmitted to the Chinese authorities.

Everyone doing things in a rush and confusion in their own ranks pointed to problems in administration and management. Right after that, departments concerned in China promulgated tentative measures to control the issuance of export and import permits in foreign trade, thus strengthening administrative supervision. Government control of the establishment of import and export companies also became stricter. Now, the establishment of import and export companies requires a permit, without which these companies cannot engage in foreign trade. Those companies which have obtained permits to operate are, in turn, not allowed to transact business outside the limit of their permitted field of operation. At the same time, measures were taken to investigate and ban smuggling, bribery and other illegal practices in foreign trade and articles exposing such practices repeatedly appeared in newspapers. These timely and necessary measures will spur foreign trade on to the right track of healthy growth.

CENTRAL LEADERSHIP STRENGTHENED IN PROVINCES ASIDE FROM GUANGDONG AND FUJIAN

According to reports, aside from Guangdong and Fujian where the local government exercises sole authority, it was originally planned that dual leadership of the central and local authorities, with the local authorities playing a principal role, would be implemented. At present, the system is that of dual leadership of central and local authorities with the Ministry of Foreign Trade having major responsibility. The leadership of the central government's Ministry of Foreign Trade has been further strengthened.

This change does not mean that the reform of the foreign trade system will not continue. After more than 1 year of practice, the strong points and defects of the foreign trade reform have become clear. China will surely sum up lessons from experience and actively and steadily continue the foreign trade reform. In future reform efforts, no uniform measures will be applied to everything, while there will not be total decontrol on everything, different management systems will be applied to different commodities in accordance with their conditions. For example, large volume and important commodities such as petroleum, refined oil, grain and sugar will be under the state's centralized and unified management; commodities with standard methods of classification and with fixed supply channels such as tea, hog bristles, silk, porcelain and so forth will be managed by specialized national corporations; commodities which are dispersed to various localities will also be pooled in joint enterprises. As to machinery, equipment and apparatus which require high level of technology and post-sale services, they might be managed by big production enterprises or conglomerations of enterprises. However, this [words indistinct] China's foreign trade system will develop toward a pluralistic orientation. No matter which model China adopts, it will stress coordination and uniformity and will avoid negative results or side effects that might be created in its foreign dealings.

TRADE WITH HONG KONG AND MACAO, AND HUALUN AND NANKUANG

A few words must be said about trade problems in the Hong Kong and Macao areas. Hualun Company and Nankuang Company will still be China's various import and export companies' principal agent in Hong Kong and Macao. In the future, Hualun and Nankuang's coordination and management will be further strengthened. Of course, according to the needs of their operations, these two companies will try to acquire new customers with good credit and strong marketing power. There are three companies--Yuehai, Huamin and Jinlian--that have been established in Hong Kong. Their operations will also fully coordinate with Hualun.

The motherland is concerned about the Hong Kong and Macao compatriots and attaches great importance to exports to Hong Kong and Macao. With the readjustment and reform of the foreign trade, it will be able to provide more inexpensive and high-quality goods to the Hong Kong and Macao compatriots. People in industrial and commercial circles in Hong Kong and Macao must have confidence that their interests will be protected. Distributing Chinese goods is not only a patriotic act. It will also be proven to be a profitable venture.

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